Perspectives

international report

Japanese DIY retailers get ideas from U.S.

(Continued from page 124)

Ishihara said home centers are attempting to cultivate a DIY mentality among consumers, but one obstacle is the Japanese cultural ideal of achieving "perfectionism. They don't want the finished project to look unprofessional. It is a point of pride to use professionals to do renovation work."

A much-discussed challenge to the growth of Japan's-home centers is the Dai Ten Po Law, a regulation that gives special legal protection to smaller retail stores that are well-established in local communities. This is not unlike the situation in Europe, where smaller, well-established independents have been known to band together and block, through legislation, the entrance of larger stores into their market.

> "In Japan, consumers are not used to doing it themselves. The largest project most Japanese would consider attempting would be to build a storage shed."
>
> **—Yasuhiro Ishihara,** *president, Specialty Institute*

Ishihara explained that a local Japanese planning board can easily stall a chain store request to acquire a site for four to five years, and then "only give them 70 percent of the square footage that they originally applied for."

"There is a possibility of abolishing the Dai Ten Po Law," Ishihara said. "But we'll never have a Wal-Mart in our rural regions," in part because of the scarcity and cost of land.

Yasuhiro Ishihara, president of Japan's Specialty Institute. NHCN photo

Product expansion expected

Japan home centers can be categorized into two types. One is the variety-discount home center. The other is the home center geared to hobbyists who buy items not to save money but to accomplish leisure activities such as woodworking.

Home center industry observers expect competition to heat up. One trend is for Japan home centers to expand their assortments in an effort to be more of a one-stop shopping experience.

Perhaps the premier example of this concept is Tokyu Hands, a one-stop concept with seven urban locations and billed as a "Creative Life Store." Its flagship store in Tokyo has seven floors.

Ishihara said that since 1977, Japanese home centers have actually gradually decreased total square footages although sales volumes continue to grow.

Keiyo uses U.S. retail ideas but sells mostly Japanese items

By an NHCN staff editor

CHIBA PREFECTURE, Japan — At first glance, Keiyo Home Center looks like many home centers in the United States. There are bins of molding, storage products, cans of paint and other DIY products. Americans would feel at home here because department signs are in English.

Despite the similarities to U.S.-style home centers, however, a vital ingredient is missing: "Made in U.S.A." merchandise.

Japanese home centers, including Keiyo Home Centers, the nation's third-largest home center chain, do not sell U.S. goods. Tadashi Okamoto, co-chairman of Keiyo, said, "We do not handle any imports from the U.S. at the moment."

He elaborated: "In the past, we handled Black & Decker power tools, but their Japanese sales office closed because they had difficulty selling into our market. They were too expensive."

These brightly colored hoses are among many items sold in Japan's Keiyo Home Centers that are manufactured in the Far East. Keiyo's executives still use U.S. ideas for retailing, however. NHCN photo

U.S. merchandising aped

Yet even with the strengthening of the yen against the dollar, Japanese consumers continue to rely on domestic brands.

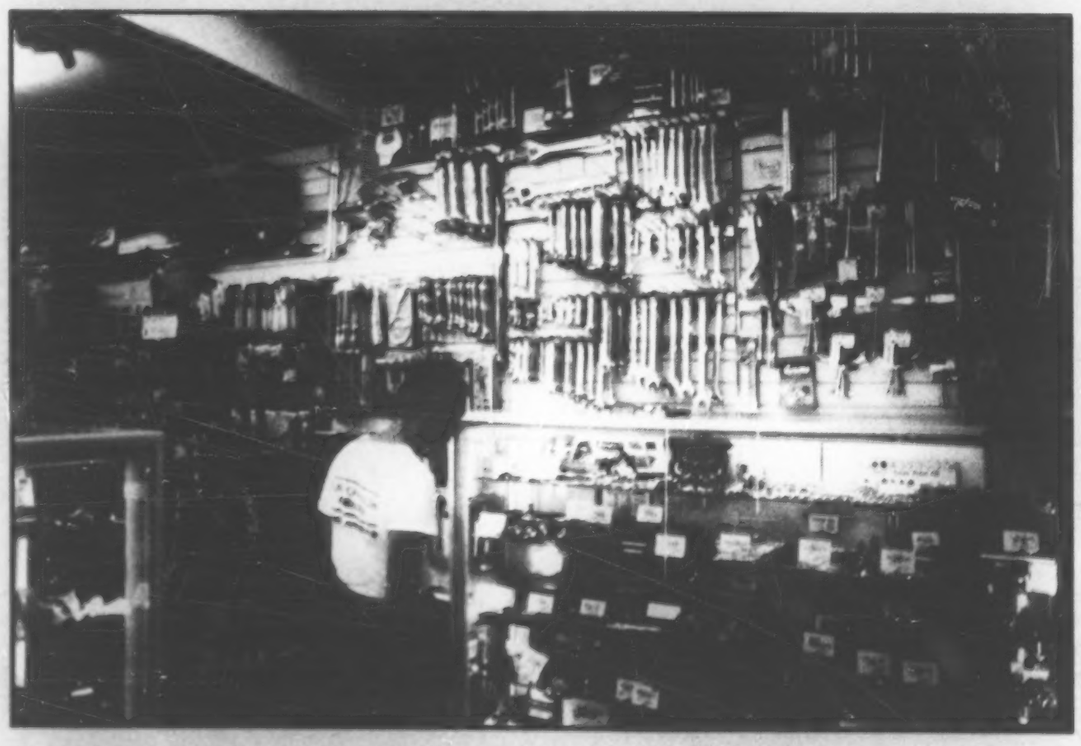
The irony is that Japanese consumers who shop in home centers are spending money in a retail environment that is essentially a copy of the U.S. home center layout.

Japanese retailers are keen students of the U.S. home center business. Okamoto himself has been to the United States 16 times and has a scrapbook containing photographs he has taken during tours of U.S. home centers.

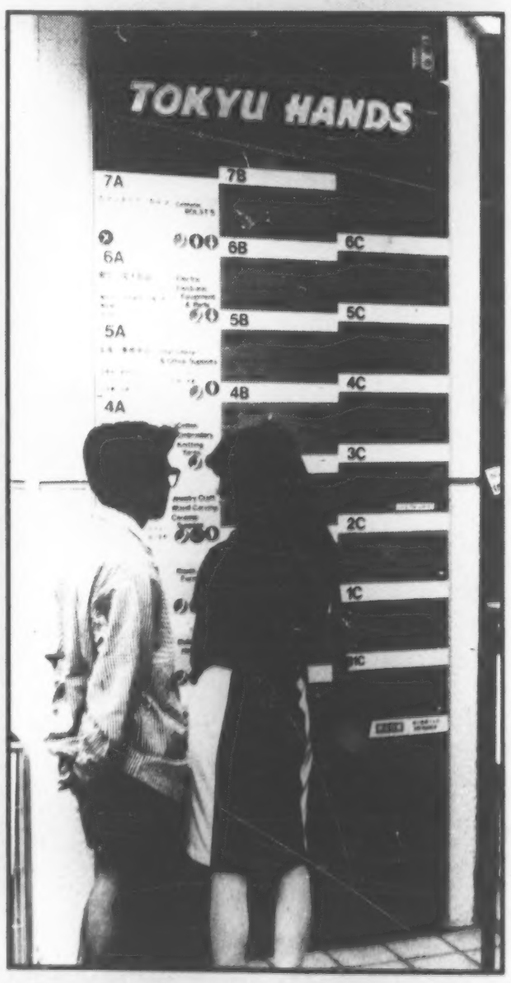
(Continued on page 132)

This Tokyu Hands home center in the heart of Tokyo must contend with space limitations that would give headaches to most American retailers. NHCN photo

Although the Tokyu Hands store is in the heart of Tokyo, signs and instructions (above and right) are in both Japanese and English. NHCN photo



A customer in Tokyu Hands looks at a wall of tools, 95 percent of which were probably manufactured in Japan, Korea or Taiwan. NHCN photo



Perspectives

international report

Keiyo Home Centers At A Glance:

Headquarters: Chiba Prefecture, Japan. Keiyo has Home Center Division and Petroleum Division, which operates six company-owned and 54 franchised gas stations.

Number of Full-time Employees: 455
Average age: 33
Average years with company: 5
Number of Home Centers: 42

Sales Volume: $333.1 million (US$1.00=Y130.00)

Shares Outstanding: 24.3 million shares outstanding at $.25 each.

Source: Keiyo Co. Ltd. *NHCN* chart

Keiyo borrows U.S. retail ideas but sells mostly Japanese items

(Continued from page 130)

Like many Japanese home center executives, many of whom subscribe to U.S. trade publications and follow the U.S. DIY marketplace, Okamoto looks to the U.S. to pioneer trends.

He says Keiyo stores are analogous to mom-and-pop variety stores in the United States, with a smattering of U.S.-style home center merchandise thrown in.

Keiyo Home Centers, with 42 units, rang up $333 million sales last year (*see accompanying chart*). Keiyo is one of five home center companies publicly traded on the Tokyo Stock Exchange.

"DIY activities are less popular here than in the U.S.," Okamoto explained. "The distribution system in Japan leaves a lot of room for improvement."

On the professional side of the business, contractors generally buy from specialty stores that cater to their needs.

Keiyo's largest department is housewares, representing 20 percent of volume.

A total of 2.7 percent of sales is spent on advertising, of which 80 percent is single-sheet flyers distributed 40 times annually in newspapers, and 20 percent is radio broadcasting. No home center in Japan uses television because of the expense.

> "Consumers don't differentiate between stores. The Japanese home center business is immature and still growing."
>
> --Tadashi Okamoto, *co-chairman, Keiyo Home Centers*

Lacking identity

According to Okamoto, most home centers in Japan actually look the same—there is a homogenization of home center retailing where such concepts as "warehouse-style" or "traditional" have no meaning.

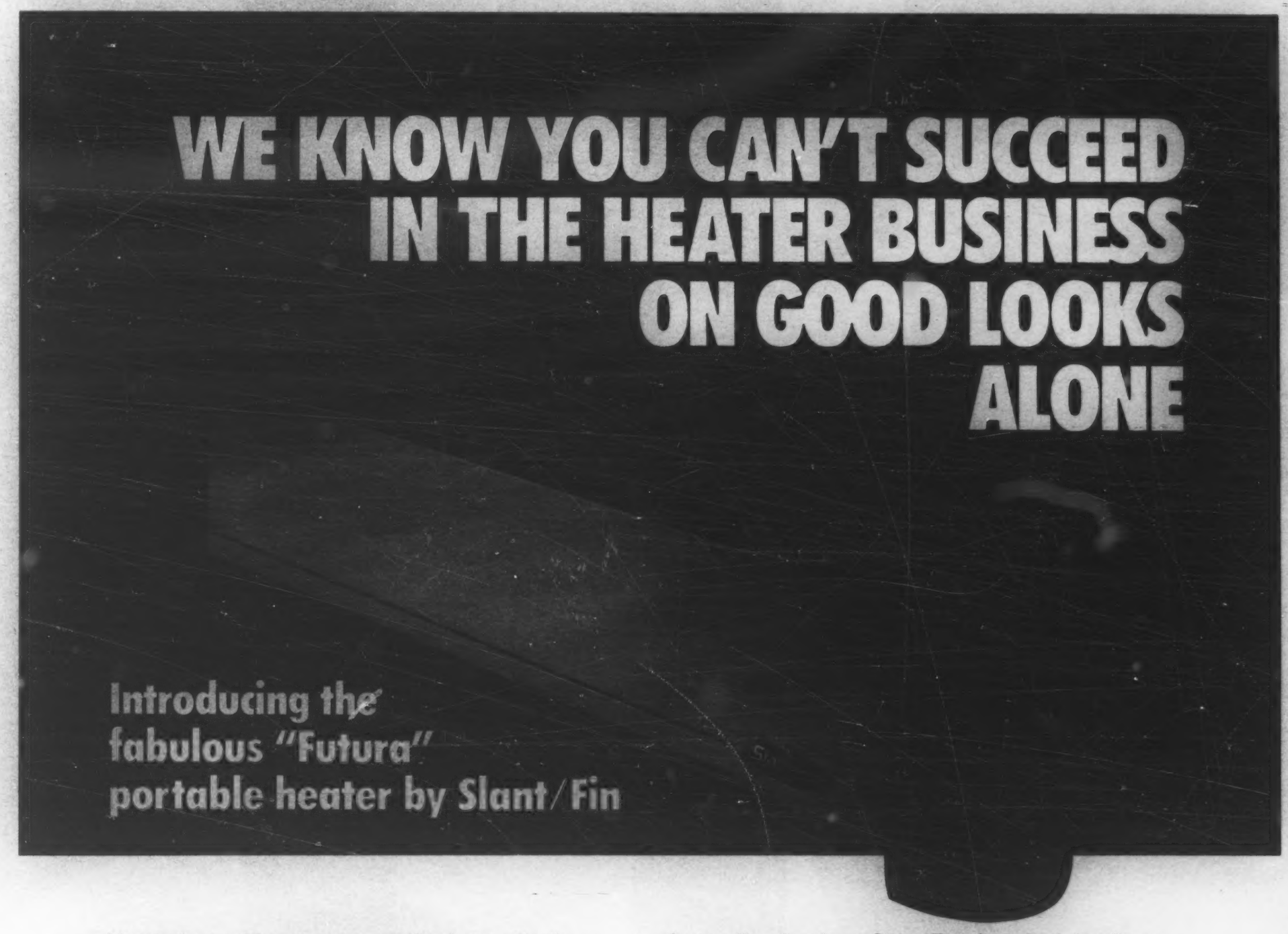
This lack of individual identity is "a problem to be solved in the future," said Okamoto. "Consumers don't differentiate between stores. The Japanese home center business is immature and still growing."

Future expansion for Keiyo will be in Japanese rural markets, where there are few chain stores. An average trading area in Japan is 15 minutes by car, Okamoto said. He said Keiyo is also studying developing 500-square-foot home centers for consumers in congested areas. These will be convenience formats "like 7-Elevens," he said.

Okamoto does not expect that Japan will ever see the warehouse concept developed here.

"New stores are restricted by size," he explained. "Large-scale stores have limited space so [warehouses] would be impossible to emulate."

Okamoto said in Japan, despite the Dai Ten Po Law that restricts chain expansion *(see accompanying story)*, chain stores are likely to grow as the "Japanese economy shifts from an export to a domestic-demand economy. In that broad microeconomic arena, the Dai Ten Po Law limitation may be loosened."



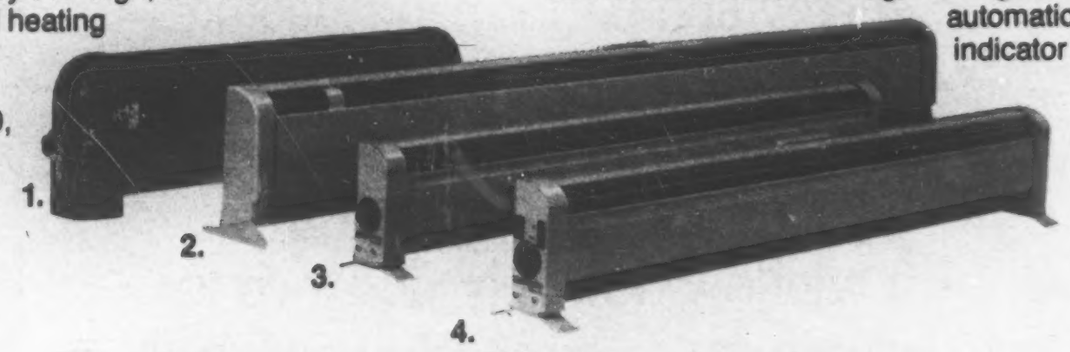
Here's the exciting new convection heater that's more than just beautiful. It's compact and quiet. It's engineered to heat with a safer, "cooler" cabinet. And it's priced to sell!
The fabulous "Futura" 1500 watt portable electric convection heater features a bold, new design. New, wide heat-dispersion top. New, exclusive "Twin-row" finned heating element for better heated air flow. Futura is the newest model in the fast-growing, fast-selling line from Slant/Fin, America's leading manufacturer of baseboard heating. Select from our wide assortment of economy, standard and premium models featured by America's top retailers. Engineered for safety and comfort. No glowing coils. No noisy fans. And all are made in the USA. Slant/Fin supports your marketing efforts with network TV promotions, colorful "tell more" packaging and customized co-op advertising.

1. **"Futura"™** Model F-1500, 34⅝" long x 10⅜" high, 1500 watts, steel safety screen and high style cabinet, thermostat.

2. **Model AQ-1500,** Full Featured Deluxe Baseboard Heater Unit, 72" long by 9¾" high, with exclusive Aquatron® liquid-filled heating element, 1500 watts, thermostat, indicator lights. Model AQ-1000, 48" long, 1000 watts.

3. **"Convectron"® Economy Model** CVE-1500 baseboard heater, 48" long, 7½" high, 1500 watts, thermostat.

4. **"Convectron"® Full Featured Model** CV-1500 baseboard heater, 48" long, 7½" high, 1,000/1,500 watts, automatic dual heat control, indicator lights, thermostat.



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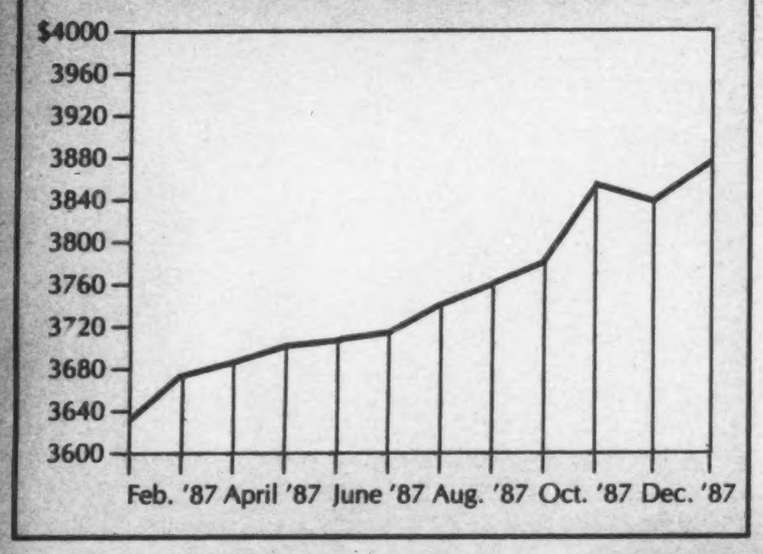
Business Watch

Section 4

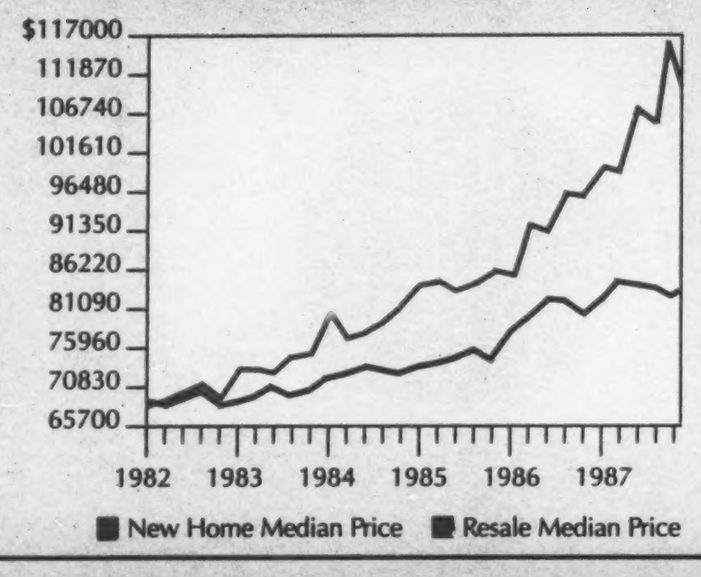
Slower income gains . . .

Monthly Household Income



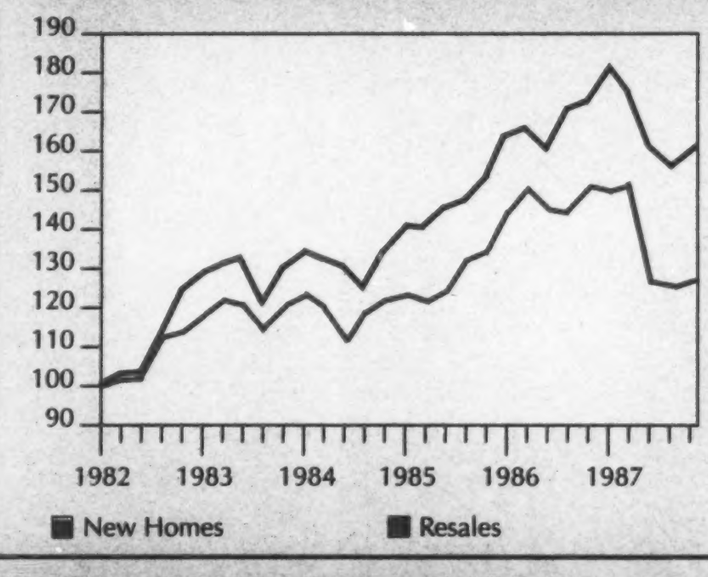
. . . and rising new home prices . . .

Median Home Prices



. . . make resales increasingly attractive . . .

Housing Affordability-New Versus Resale



Home resales to drop but material sales will be sustained

By Richard E. Mount
Special to NHCN

Housing resales should be at a somewhat lower level this year than in 1987. Nevertheless, their movement will sustain demand for building materials over the next 12 months.

Resales are likely to be down 4 percent this year to 3.4 million units. Building material retail sales are projected to rise only 4 percent in 1988.

Housing weakened at the end of last year. From October to December, starts declined 11 percent, new home sales 8 percent, and resales 8 percent.

Richard E. Mount

These rapid rates of decline in housing should reverse themselves temporarily in the first half of 1988 as mortgage rates begin to fall in what we perceive to be a weak economic climate. Nevertheless, housing markets in 1988 will be below last year's rates.

Owner-occupied housing faces two major hurdles in 1988. First, the economy and consumer income are slowing. The consumer, who accounts for about 65 percent of GNP, is trying to lower the overhang of debt accumulated in the current expansion.

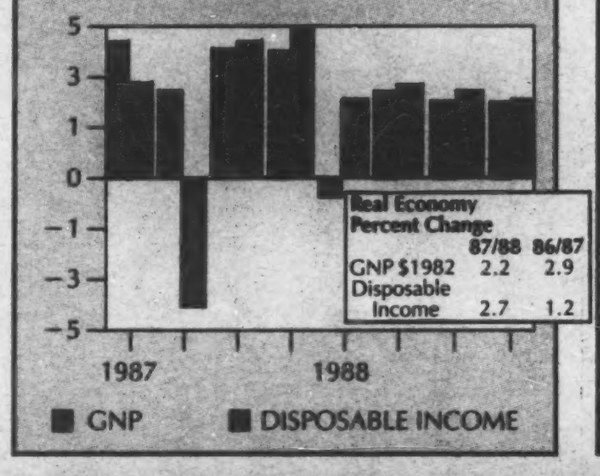
Second, mortgage rates will be higher in 1988. During late 1987, the Federal Reserve increased the growth of the money supply, driving interest rates down. This year, monetary policy should be less stimulative, causing mortgage rates to rise.

Resales will not be harmed as much as other housing markets in 1988, however. Since 1982, consumers turned increasingly to upscaled, more expensive new housing, causing the gap between new and existing homes to widen 29 percent. With interest rates rising and consumer incomes growing slowly, lower priced resales will become increasingly attractive to more conservative home buyers. This year, resales are forecast to be down only 4 percent, housing starts 6 percent.

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

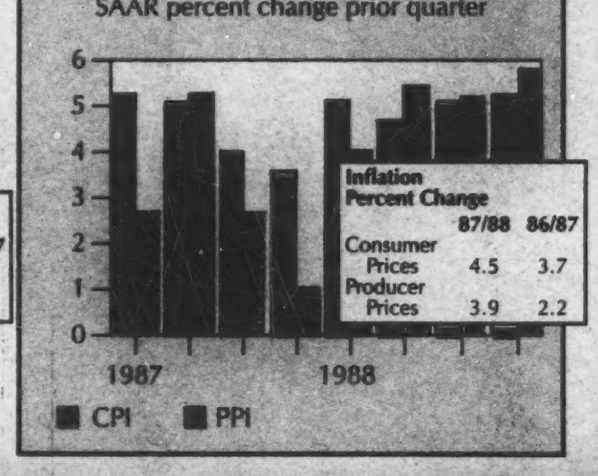
General Business Conditions

Real Economy

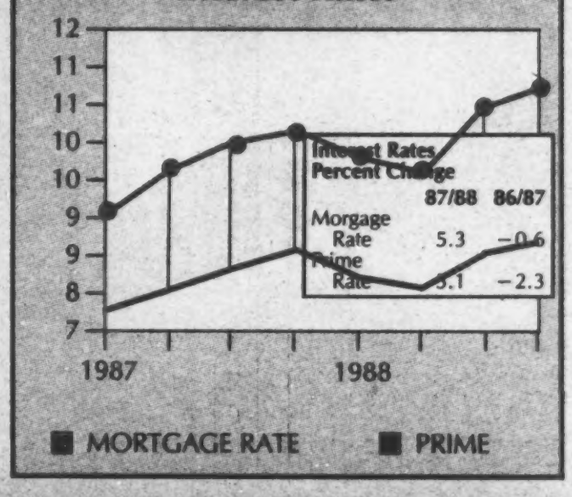


Inflation

SAAR percent change prior quarter

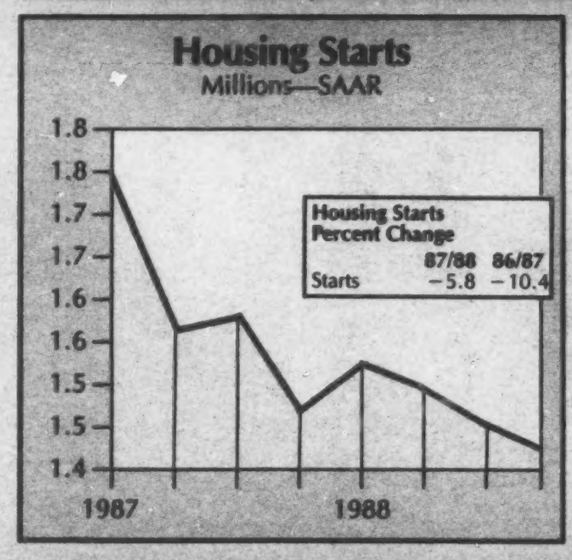


Interest Rates

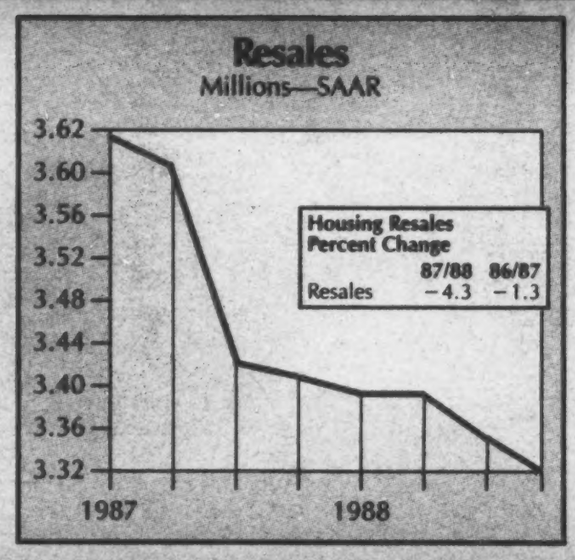


Housing

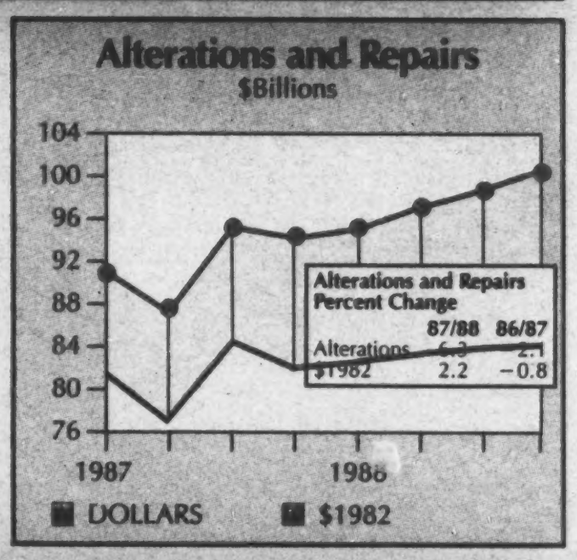
Housing Starts
Millions—SAAR



Resales
Millions—SAAR

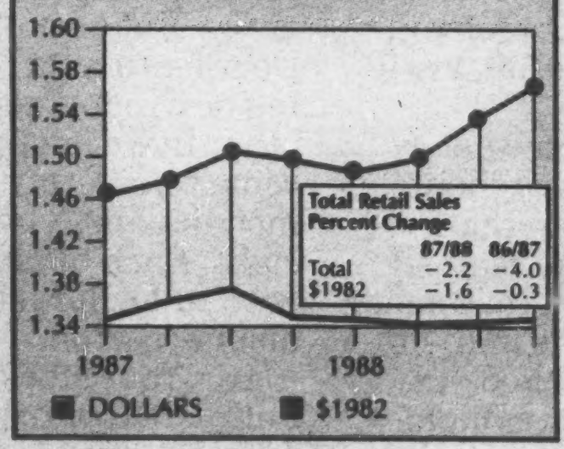


Alterations and Repairs
$Billions

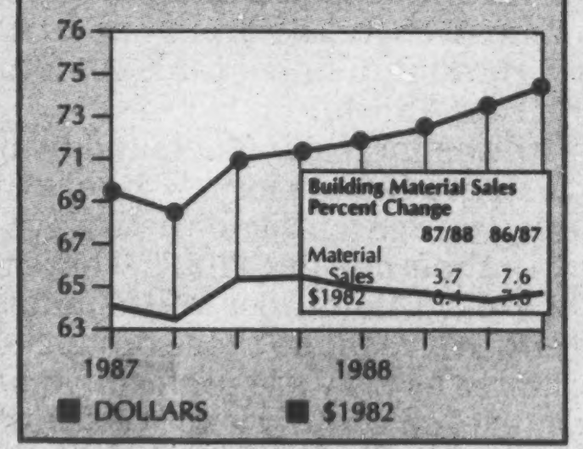


Retail Trade Activity

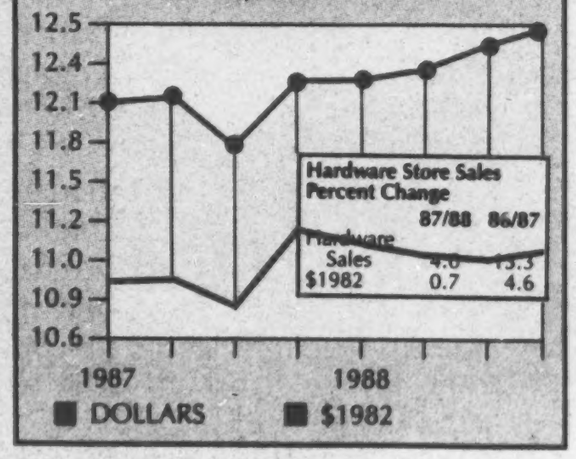
Total Retail Sales
$Trillions



Building Material Sales
$Billions



Hardware Store Sales
$Billions



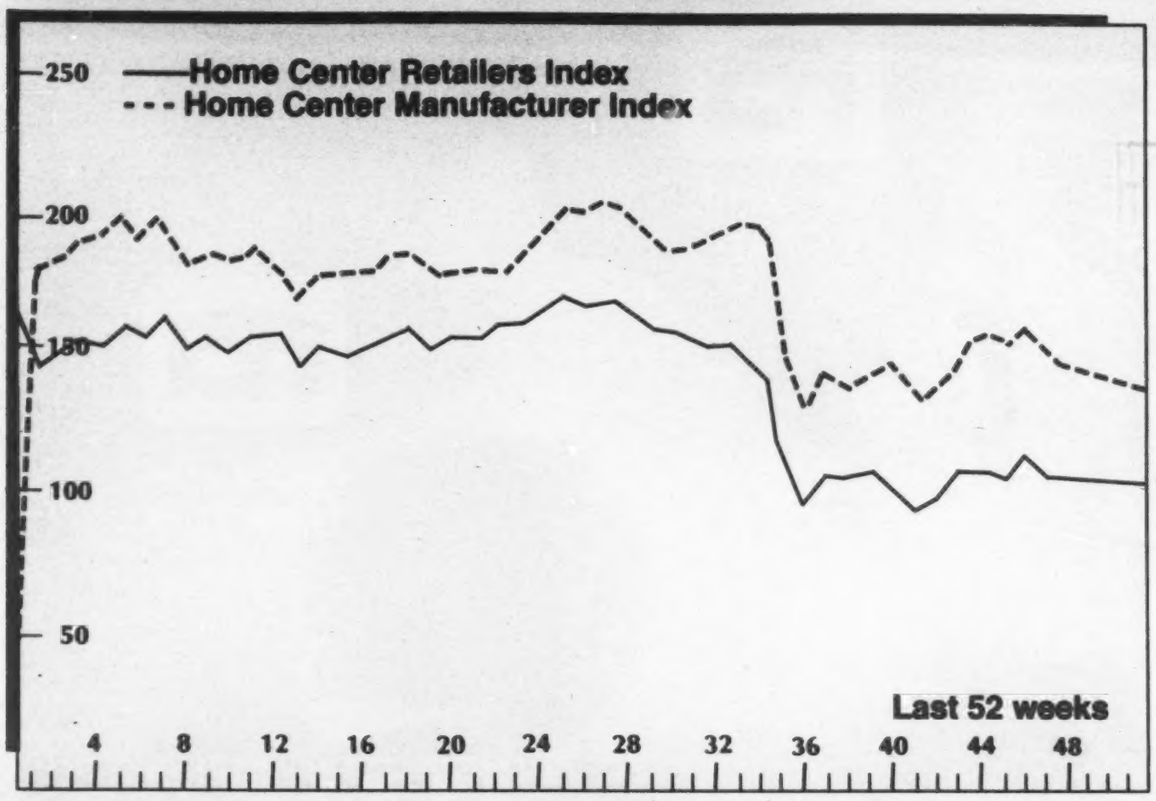
Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
November 16, 1987

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales. The *NHCN* Leading Indicator runs every issue on page 5.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

Business Watch

stocks



The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on February 19, 1988, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions to the *NHCN* stock list.

Winners again outnumber losers

Winners far outnumbered losers in the market for the week ending Feb. 19. Of the 57 stocks tracked for *NHCN* by Media General, 43 gained, eight lost and six were flat.

Among retailers, Wolohan Lumber led the upswing, with a 22.1 percent increase to close at $13.13. Standard Brands jumped 17 percent, closing at $14.63, and General Building Products climbed 14.7 percent to close at $4.88. After falling off sharply in the previous two weeks, following the death of its chairman Eric Strober, Strober Organization stock rebounded 13.8 percent. It closed at $8.25 in light trading.

Among retailers, only two stocks dropped. Wickes Cos. was down 1.4 percent, to close at $9.13. Hechinger's class B stock dropped 1.3 percent to close at $19. Hechinger's class A stock remained unchanged for the reporting period, closing at $19.

All wholesalers posted modest gains except for Lewis Palmer, which remained unchanged.

Heavy winners on the manufacturing side were USG Corp, up 19.1 percent to close at $33.50; Waxman Industries, up 17.7 percent to close at $11.63; and PPG Industries, up 18.8 to close at $39.50.

Black & Decker, which has launched a hostile takeover bid for American Standard, was off 4.4 percent, closing at $19. But its target, American Standard, was up 5.9 percent to $67.63, as the company announced a recapitalization plan designed to fend off B&D.

National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 2-19-88	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Gen Bldg Prods ..... M	4.88	.63	14.7	4.88	4.25	12.50	4.00	358	.90	.78	15.4	8.4	.00	.0	.....	fiscal	11-87	18.1	9.0	.3	- 57.1	.10	- 56.5	67.6	17.8	2.1	5.0	.58	- 13.4
Grossman's Inc ..... M	7.00	.00	.0	7.25	6.75	11.25	4.13	15,378	5.88	2.66	121.1	13.2	.00	.0	.....	fiscal	12-87	257.8	6.1	.8	33.3	.00	NE	1077.3	7.0	12.1	NE	.53	NE
Hechinger A ..... M	19.00	.00	.0	19.50	18.75	26.50	14.25	2,356	2.16	2.28	- 5.3	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	19.00	- .25	- 1.3	19.25	18.75	26.75	15.50	196	.12	.13	- 7.7	16.2	.06	.3	.....	9 mos.	10-87	185.0	24.1	9.4	49.2	.27	28.6	553.6	23.5	29.2	49.0	.89	39.1
Home Depot ..... N	21.75	1.63	8.1	21.75	19.63	28.09	12.13	17,967	3.66	1.68	117.9	22.0	.08	.4	.....	9 mos.	10-87	364.3	44.9	9.7	148.7	.19	90.0	1079.7	46.4	38.1	135.2	.81	92.9
INTERCO Inc ..... N	39.75	3.13	8.5	39.88	36.25	54.00	29.50	6,449	1.63	.97	68.0	11.2	1.60	4.0	.....	9 mos.	11-87	924.0	22.0	43.5	46.0	1.05	11.7	2548.3	29.9	108.4	60.4	2.57	20.1
K mart Cp ..... N	33.88	1.88	5.9	34.13	30.88	48.38	21.63	42,405	2.10	1.28	64.1	10.2	1.16	3.4	.....	9 mos.	10-87	9973.3	5.0	110.1	25.1	.54	22.7	17872.0	5.9	371.0	24.8	1.82	22.1
Lowe's Cos ..... N	19.00	.63	3.4	19.75	18.00	32.75	15.25	6,712	1.69	1.37	23.4	12.1	.44	2.3	.....	9 mos.	10-87	645.6	8.6	16.6	32.8	.42	35.5	1939.8	8.6	52.3	16.0	1.32	13.8
Natl Hardgoods ..... M	5.00	.25	5.3	5.00	4.75	10.00	3.75	100	.80	1.01	- 20.8	7.6	.00	.0	.....	9 mos.	10-87	10.7	27.4	- .1	- 100.0	- .04	- 100.0	33.1	28.3	.4	- 20.0	.31	- 11.4
Natl Lumber ..... M	3.00	.00	.0	3.25	3.00	7.50	2.75	186	.33	.48	- 31.3	NE	.00	.0	.....	*	10-87	NC	NC	NC	NC	NC	NC	120.9	NC	.5	NC	.08	NC
Pay n Pak ..... N	15.38	1.25	8.8	15.38	14.00	21.50	11.50	1,398	1.40	.59	137.3	14.4	.00	.0	.....	9 mos.	11-87	110.7	9.2	2.6	36.8	.26	36.8	338.5	7.4	10.3	94.3	1.03	94.3
Payless Cash ..... N	13.38	.38	2.9	13.50	12.75	26.88	9.63	15,022	4.34	2.11	105.7	16.5	.16	1.2	.....	fiscal	11-87	457.3	13.3	- 2.7	- 100.0	- .08	- 100.0	1768.1	15.9	28.1	- 33.7	.81	- 33.6
Scotty's Inc ..... N	13.75	.88	6.8	14.38	12.75	15.88	10.00	2,072	1.42	.53	167.9	17.9	.52	3.8	.....	6 mos.	12-87	133.5	6.3	2.5	4.2	.17	6.3	257.2	5.3	4.8	20.0	.33	22.2
Sears, Roebuck ..... N	37.00	2.75	8.0	37.00	33.75	59.50	26.00	67,633	1.79	.95	88.4	8.5	2.00	5.4	NEW	fiscal	12-87	14048.4	4.8	562.1	3.5	1.49	2.8	48439.6	8.3	1649.4	22.1	4.35	20.2
Std Brd Prt ..... N	14.63	2.13	17.0	14.75	12.38	31.88	11.88	3,827	3.40	1.52	123.7	10.6	.00	.0	.....	9 mos.	10-87	87.6	2.0	4.4	4.8	.38	.0	259.6	2.6	12.8	4.1	1.14	4.6
Strober Organiz ..... M	8.25	1.00	13.8	8.50	7.50	15.25	6.25	676	1.11	.77	44.2	9.0	.00	.0	.....	9 mos.	09-87	27.6	10.8	1.7	6.3	.27	- 10.0	75.2	10.1	4.3	13.2	.70	- 6.7
Wickes Cos ..... N	9.13	- .13	- 1.4	9.63	8.88	25.00	7.25	10,047	2.10	2.56	- 18.0	3.6	.00	.0	.....	9 mos.	10-87	NC	NC	18.6	- 43.6	.37	- 50.7	2644.4	- 21.3	128.7	85.2	2.62	74.7
Wolohan Lumber ..... M	13.13	2.38	22.1	13.13	11.88	18.75	9.75	1,547	2.64	1.09	142.2	9.7	.24	1.8	.....	9 mos.	09-87	66.2	12.8	2.7	42.1	.46	39.4	171.8	21.1	6.3	75.0	1.07	75.4
Zayre Corp ..... N	19.63	1.63	9.0	19.63	17.50	37.00	13.50	53,576	9.45	3.85	145.5	7.1	.40	2.0	.....	9 mos.	10-87	1601.7	21.7	21.2	- 7.4	.37	- 5.1	4309.4	20.3	120.4	147.7	2.03	147.6
Wholesalers																													
Hughes Supply ..... N	26.75	.75	2.9	26.88	25.75	30.25	19.75	326	.98	.80	22.5	10.7	.40	1.5	.....	9 mos.	10-87	113.2	29.7	2.5	47.1	.73	46.0	318.1	21.5	6.7	31.4	1.99	25.9
Moore Handley ..... M	4.50	.13	2.9	4.75	3.75	9.75	3.75	83	.33	.37	- 10.8	17.3	.00	.0	.....	9 mos.	09-87	27.4	16.6	- .2	- 100.0	- .09	- 100.0	74.4	15.5	.5	- 50.0	.19	- 56.8
Lewis Palmer ..... M	6.88	.00	.0	7.13	6.75	9.88	5.75	1,280	3.18	1.66	91.6	18.1	.28	4.1	.....	9 mos.	10-87	58.9	- 1.8	.7	.0	.18	5.9	169.8	20.9	1.4	16.7	.36	16.1
Stanline Inc ..... M	12.75	.13	1.0	12.75	12.63	13.31	6.19	961	5.39	1.13	377.0	11.8	.32b	2.5	.....	fiscal	10-87	17.9	12.6	.5	.0	.32	6.7	64.9	8.7	1.9	18.8	1.08	22.7
Manufacturers																													
Am Consum Prods ..... M	11.25	.00	.0	11.25	10.75	14.25	7.88	1,410	6.79	.92	638.0	18.4	.00	.0	.....	9 mos.	09-87	11.7	27.2	.6	100.0	.28	- 17.6	31.4	21.7	1.3	160.0	.62	12.7
Am Standard ..... N	67.63	3.75	5.9	68.75	66.00	68.75	30.50	85,343	27.33	6.50	320.5	16.2	1.80	2.7	.....	fiscal	12-87	901.9	17.2	41.3	25.2	1.31	32.3	3399.8	13.4	133.3	- 31.0	4.18	- 20.8
Am Woodmark ..... M	8.75	- .38	- 4.1	9.00	8.63	17.13	6.50	158	.23	.38	- 39.5	9.5	.00	.0	.....	6 mos.	10-87	34.3	7.5	2.4	4.3	.35	6.1	66.1	9.6	3.7	- 9.8	.54	- 14.3
Armstrng Wrld ..... N	36.25	2.63	7.8	37.25	33.25	47.38	22.50	16,705	3.56	1.63	118.4	11.4	.90	2.5	.....	fiscal	12-87	605.0	21.8	33.5	11.3	.72	14.3	2365.0	23.2	150.4	22.9	3.18	25.2
Black & Decker ..... N	19.00	- .88	- 4.4	19.75	18.38	26.50	13.00	45,752	7.84	3.01	160.5	17.3	.40	2.1	.....	3 mos.	12-87	612.3	15.7	31.1	38.8	.53	39.5	612.3	15.7	31.1	38.8	.53	39.5
Boise Cascade ..... N	45.50	5.00	12.3	45.50	39.13	52.13	28.81	10,563	2.32	1.74	33.3	12.3	1.20	2.6	.....	fiscal	12-87	975.6	2.5	57.2	79.3	1.20	93.5	3820.8	2.2	183.0	80.3	3.70	85.9
Certain-teed ..... N	29.63	1.00	3.5	30.00	28.13	45.75	24.13	1,102	.58	.39	48.7	9.2	1.00	3.4	.....	fiscal	12-87	291.7	8.6	12.6	17.8	.66	15.8	1158.4	4.0	61.4	7.2	3.23	7.0
Champ Intl ..... N	33.63	2.00	6.3	34.13	30.50	44.63	21.75	23,397	2.46	1.82	35.2	8.3	.80	2.4	.....	fiscal	12-87	1157.5	9.4	82.1	27.3	.86	24.6	4614.7	5.2	382.0	90.2	4.03	93.8
Clairson Intl ..... M	8.13	.13	1.6	8.50	7.50	18.25	5.00	516	1.01	.60	68.3	14.0	.00	.0	.....	3 mos.	12-87	23.7	45.4	.4	100.0	.08	60.0	23.7	45.4	.4	100.0	.08	60.0
Cooper Indus ..... N	58.88	4.38	8.0	58.88	52.88	74.50	39.00	10,853	2.21	1.21	82.6	17.0	1.80	3.1	.....	fiscal	12-87	1008.8	19.7	56.4	18.7	1.12	14.3	3585.8	4.4	173.8	17.7	3.47	14.1
DeSoto Inc ..... N	27.88	2.38	9.3	27.88	24.50	42.00	21.00	911	2.29	1.70	34.7	10.5	1.40	5.0	.....	fiscal	12-87	64.9	- 16.6	- .3	- 100.0	- .08	- 100.0	373.1	- 9.8	10.6	171.8	2.66	224.4
Emhart Corp ..... N	19.88	- .38	- 1.9	21.13	19.50	26.63	15.50	5,820	.93	.60	55.0	11.7	.80	4.0	.....	fiscal	12-87	664.1	13.7	25.9	29.5	.42	61.5	2454.0	17.2	106.0	NE	1.70	NE
Georgia Pacific ..... N	37.13	1.38	3.8	37.25	34.50	52.75	22.75	19,712	1.86	1.69	10.1	8.8	1.20	3.2	.....	fiscal	12-87	2229.0	25.2	112.0	34.9	1.07	42.7	8603.0	19.1	458.0	54.7	4.23	57.2
Insilco Corp ..... N	18.75	1.75	10.3	19.00	17.00	28.13	14.00	4,012	1.92	1.25	53.6	4.9	1.00	5.3	NEW	fiscal	12-87	93.4	- 45.8	- 40.7	- 100.0	2.58	486.4	637.7	- 14.4	- 13.9	- 100.0	3.85	143.7
La Pacific ..... N	28.13	1.25	4.5	29.50	27.25	39.75	21.50	5,486	1.43	1.01	41.6	8.9	.80	2.7	.....	fiscal	12-87	478.1	25.1	31.3	86.3	.82	82.2	1921.8	27.6	125.0	82.6	3.27	90.1
Macmillan Bloedel ..... M	16.38	1.38	9.2	16.38	14.25	23.50	12.00	10,421	1.02	.57	78.9	NA	.85	NA	NEW	fiscal	12-87	791.5	46.0	62.9	170.0	.57	256.3	3134.5	24.8	280.6	110.5	2.56	139.3
Manville Cp ..... N	2.38	.00	.0	2.50	2.38	5.38	2.00	3,237	1.35	1.18	14.4	.4	.00	.0	NEW	fiscal	12-87	522.5	12.8	31.5	82.1	1.05	128.3	2063.2	7.4	164.1	102.1	5.79	147.4
Masco Corp ..... N	26.13	1.00	4.0	26.75	24.25	40.88	18.75	23,146	1.75	1.12	56.3	15.8	.40	1.5	NEW	fiscal	12-87	543.3	20.7	30.8	- 44.4	.23	- 43.9	2023.3	39.3	218.8	7.6	1.65	5.8
Mor-Flo Inds ..... M	6.50	- .25	- 3.7	6.88	6.25	14.38	5.50	32	.13	.33	60.6	NE	.01	.2	.....	9 mos.	09-87	49.1	4.0	- 1.1	- 100.0	- .44	- 100.0	154.4	4.4	- .4	- 100.0	- .14	- 100.0
Newell Co ..... N	37.75	4.88	14.8	37.75	32.75	43.00	21.13	2,209	1.91	1.05	81.9	13.7	1.00	2.6	.....	fiscal	12-87	304.9	189.0	13.4	81.1	.95	50.8	719.7	79.3	37.2	55.0	2.75	26.7
Norlak Inc ..... N	8.75	1.00	12.9	8.88	7.50	17.38	5.00	3,833	2.43	1.77	37.3	14.6	.10	1.1	.....	9 mos.	09-87	352.5	23.3	.2	- 97.1	.01	- 98.5	975.9	45.0	11.4	- 58.8	.71	- 73.3
Owens Corn ..... N	17.50	.75	4.5	17.50	16.50	32.38	9.00	9,604	2.56	2.20	16.4	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ply-Gem ..... A	11.25	- .25	- 2.2	12.00	10.75	18.13	9.00	1,878	1.68	1.35	24.4	10.1	.12	1.1	.....	9 mos.	09-87	84.0	41.9	3.4	112.5	.30	87.5	236.7	40.1	10.5	75.0	.91	26.4
Pope & Talbot ..... N	22.25	3.38	17.9	22.50	18.75	27.25	9.75	9,442	7.86	2.67	194.4	9.5	.50	2.2	.....	fiscal	12-87	106.8	30.4	7.2	- 14.3	.59	- 15.7	426.9	37.6	28.1	77.8	2.33	76.5
Potlatch Cp ..... N	28.75	1.88	7.0	28.75	26.50	41.88	21.00	2,548	.95	.75	28.7	9.2	.92	3.2	.....	fiscal	12-87	252.7	3.9	24.9	23.9	.80	25.0	998.1	1.8	97.8	25.3	3.13	25.7
PPG Inds ..... N	39.50	6.25	18.8	40.00	32.75	53.50	27.50	26,294	2.20	.98	124.5	12.4	1.20	3.0	.....	fiscal	12-87	1327.6	10.6	96.5	32.4	.85	39.3	5182.6	10.6	377.1	19.2	3.19	19.9
Sherwin-Wms ..... N	29.00	.25	.9	29.38	27.50	38.50	20.13	6,019	1.37	.76	80.3	13.5	.64	2.2	NEW	fiscal	12-87	408.3	16.5	20.3	- 30.5	.4b	- 42.5	1792.7	15.4	96.6	- 8.9	2.15	- 6.9
Stanley Works ..... N	28.00	2.25	8.7	28.00	24.88	36.63	21.25	3,989	.92	.49	87.8	14.0	.88	3.1	.....	fiscal	12-87	458.5	79.0	26.2	11.5	.61	13.0	1763.1	28.6	86.6	9.9	2.00	-7.5
Thos Inds ..... N	20.75	2.38	12.9	21.13	18.25	21.53	13.81	1,667	1.59	.56	183.9	12.7	.65b	3.1	NEW	fiscal	12-87	80.5	6.5	4.8	50.0	.46	48.4	321.9	8.7	17.1	33.6	1.64	33.3
Triangle Ind ..... N	24.38	- .25	- 1.0	25.00	23.63	44.00	22.50	5,682	2.50	1.41	77.3	10.9	.12	.5	.....	9 mos.	09-87	1238.9	75.5	45.6	82.4	1.59	- 15.4	3340.3	77.3	90.0	88.7	3.09	- 9.9
Union Camp ..... N	35.25	2.13	6.4	35.50	32.75	48.13	26.00	13,984	1.90	1.14	66.7	12.5	1.16	3.3	.....	fiscal	12-87	809.8	14.0	59.0	37.9	.81	39.7	2307.5	12.8	207.5	59.7	2.63	58.5
USG Corp ..... N	33.50	5.38	19.1	33.63	27.63	55.88	23.50	26,077	5.76	2.13	170.4	8.5	1.12	3.3	.....	fiscal	12-87	725.8	4.4	17.2	- 68.6	.33	- 84.5	2868.1	6.4	204.3	- 9.4	3.56	11.9
Waxman Ind ..... M	11.63	1.75	17.7	11.63	9.63	13.25	7.25	2,663	4.22	2.46	71.5	14.5	.10	.9	.....	6 mos.	12-87	38.1	41.1	1.5	87.5	.24	84.6	72.9	35.8	2.8	75.0	.45	80.0
Weyerhaeuser ..... N	40.75	2.75	7.2	41.38	37.38	60.00	19.00	38,353	2.61	1.32	112.9	12.8	1.50	3.7	.....	fiscal	12-87	1783.5	22.9	129.4	34.7	.91	30.0	6868.8	23.7	446.6	61.4	3.18	66.5

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

Texas manufacturer paves way for new specialty chain

(Continued from page 6)
types of concrete garden edging and DIY retaining wall systems.

Mechanical cutters and compactors are available for rent. "Otherwise, all [customers] need are shovels, wheelbarrows and a little bit of time," Hall said, explaining that the pavers are set into sand and require no mortar. Pavestone will keep landscape architects on hand in the store to advise customers and will offer DIY classes.

"You can train someone in 30 minutes and we're doing some videos," Hall said.

Installation and 100 percent financing are available.

"This is an experiment," Hall said of the store. "If it works, we'll continue throughout the Southwest."

He said Pavestone retail stores could become a company-owned chain or franchise operation.

Growth potential strong

Growth potential for paving stones as a residential product should prove strong, said the NCMA's Smith. He also characterized Pavestone as one of the nation's 10 largest manufacturers of pavers and said its retail store may be the first ever to specialize in the product. According to Hall, Pavestone has grown in eight years from a small manufacturer into a company that has "over 100 million pavers down in Texas."

The company now operates manufacturing plants in Grapevine and Tomball, Texas, and in Phoenix, Ariz. Recently, Pavestone has spent $3.5 million for an addition to its Grapevine factory and $2.5 million to build a new plant in Phoenix.

Hall said he expected others to copy Pavestone retailing efforts if the store succeeds.

Home centers are well positioned to compete in pavers, too, said Smith.

"They need more creativity in the way they're marketing them," Smith said of home centers. "There is an opportunity for manufacturers to develop the DIY market through home centers."

Paving stones make sense in home center lawn and garden departments, Smith said.

"It's the kind of product that could be marketed along with barbecues and lawn furniture," he said. "There's a need for more point of purchase brochures and displays."

Smith said that aggressive marketing of paving stones could take customers from the wooden deck business.

Thornton appointed Mr. Goodbuys ceo

(Continued from page 1)
Becker, president of Vend America, the investment arm of Vendex International.

Erlbaum and Neduscin will continue to serve on the board as chairman and vice-chairman, respectively.

Thornton, who joined the chain from the Orchard Supply Hardware operation in July 1986, will continue as president but as chief executive officer will also be in charge of the day-to-day operations of the chain.

"This is an evolution of management and was thoroughly planned and executed," said Becker.

"I have options to buy shares and a new deal is currently being worked out," said Thornton, who added that he would then hold a "nice portion" of the company.

Concept not altered

Thornton said that the shift in management would not alter the Mr. Goodbuys concept or its operations.

The chain will continue to pursue its current expansion program to open five stores by the end of 1988.

The first openings will be in Farmingdale and Westbury, N.Y., in early spring. These will be the first Mr. Goodbuys stores to open on Long Island, the area east of New York City.

The next store opening will be in Wilmington Del., and then a replacement store in Baltimore, Md.

Thornton said that the company was about to close on a fifth site, whose location he declined to name.

This would bring the chain's total to 17 stores by the year's end.

Wall Street set to parley with home center execs.

(Continued from page 6)
According to a prepared statement by the Institute, the analysts were selected from a master list of 260 people that was compiled from individual lists furnished by each active member company.

The agenda for the conference will be comprised of an introduction and industry overview, manufacturer/retailer panel discussions on the state of the industry, research presentation, and tour of the National Home Center Show.

Paine Webber analyst Lawrence Wagner in Chicago expressed interest in the conference as it encompasses several of the companies he covers for the firm. "You can never learn too much," he said, but added he was not sure he would attend.

Seymour Goodman, an analyst for Bear Stearns, Chicago, agreed that the conference was "an excellent idea" because it gives those involved with the industry a chance to meet each other. Goodman expected that there would be an analyst from his firm at the conference.

Clouse stressed that conference attendance will be limited to Institute members and invited analysts. It will be held in Room 20-12 on registration level of McCormick Place from 8:30 a.m. to 4 p.m.

Calcasieu lures top execs. into firm

(Continued from page 7)
softened during the state's economic malaise, Mitchell's hiring reflects the prevailing view in Texas that the economy is turning around.

"In hard economic times, the needs of the builder change, just as the needs of the supplier do," Mitchell said. "Because they have more time when business is slow, many builders stop using engineered trusses and build roof structures on site.

"This is much more labor intensive and less exacting than having trusses and components custom engineered by computer and fabricated under rigid shop conditions."

Mitchell said he hopes to satisfy the tract builder as well as the custom home builder with Calcasieu's services.

Serving commercial accts.

Richard Riley, vp of marketing for the company, said hiring of the new managers reflects Calcasieu's confidence about the future and its determination to prosper when the economy improves.

"This reflects a commitment we have to our market," Riley said. "But even more, it's our effort to really deserve our customer's business."

Riley said Calcasieu has moved in the recent past to cater to the commercial builder.

"Our core business has always been and will continue to be the residential builder, but as our competition left the market, there was a void in servicing the commercial account and we are stepping in to fill it," Riley said. "We're looking forward to the market improving and we have the financial resources to take advantage of it."

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Vol. 14, No. 5 March 7, 1988

Posner sentenced to devote next five years to homeless

By an NHCN staff editor

MIAMI — Former Evans Products chairman Victor Posner will be spending some time with people slightly out of his social sphere for the next five years.

The financier was sentenced in federal district court here on Feb. 12 to spend $3 million to help southern Florida's homeless and devote 20 hours a week for the next five years to working with them.

The 69-year-old Posner agreed to these terms—which are "non-negotiable and unappealable," according to Judge Eugene Spellman, who heard the case—to avoid what could have been a maximum 40-year jail sentence for evading more than $1.2 million in federal income tax by hyping the value of land he contributed to Miami Christian College. Last September, Posner pleaded no contest to 10 counts.

Prosecutors had asked for a prison sentence. But Judge Spellman took Posner's advanced age—and how much jail time he would actually serve—into consideration in agreeing to the compromise sentence, which was proposed by Posner's attorney Edward Bennett Williams in January.

Posner will also be under five years probation. He has 60 days to come up with a plan to help the homeless and his expenditures will not be tax deductible.

Any attempt to challenge the ruling will result in a prison term.

This is just one more blow to Posner and his deteriorating financial empire. Posner is remembered less than fondly by building materials and hardware suppliers for his stiffing them for payment on merchandise sent to Evans' home centers and for placing Evans and its lucrative retail division into Chapter 11 in March 1985.

During the bankruptcy proceedings, it was revealed that Posner's Miami Beach corporation was taking anywhere from $750,000 to over $950,000 per month from Evans in "upstreamed" funds that, in part, paid for the opulent lifestyle led by Posner and his entourage of family and friends he had placed in the boardrooms of most of his companies.

In July 1986, a federal judge in Miami approved a reorganization plan, devised by lawyers representing Evans' bank and trade creditors who were owed more than $750 million, that took control of Evans away from Posner completely, canceled all common and preferred stock in the company, and auctioned off all of Evans' nonretail divisions. In November of that year Grossman's Inc., a new retail entity, emerged from Evans' ashes. It was comprised of the Grossman's and Moore's operations. The Lindsley chain in Miami was sold to Westlake Hardware late last year.

Grossman's Inc. went public in early 1987. For the fiscal year ended Dec. 31, the company reported income from continuing businesses of $12.1 million on sales of $1.077 billion.

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National Home Center News®

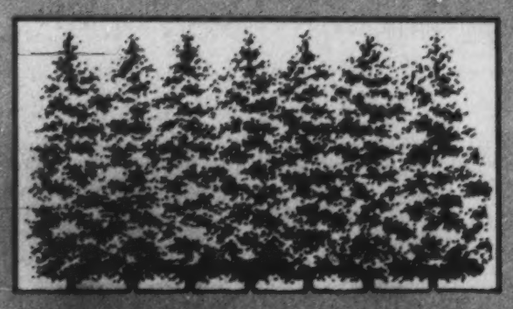
Vol. 14, No. 6 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. March 21, 1988

Despite weak demand lumber prices surge

By an NHCN staff editor

NATIONAL REPORT — Retail lumber buyers are encountering some of the highest prices they've known in what is normally an off-peak building season with soft demand.

Since the end of January, lumbers prices, particularly for the Pacific Northwest species and some Southern pine items, have risen an average of 20 to 25 percent higher than levels reached for the same time period last year.



While the timing of the price levels is unusual, there is little mystery behind the cause. Soft U.S. and Canadian dollars in foreign markets have made made lumber exports a growth industry, retailers and wholesalers concur.

Although supplies are reasonably ample, some sources said the domestic markets are literally in competition with Europe and Asia for North American lumber. It's a situation that could be particularly excruciating if poor weather, mill strikes or forest fires occur this summer.

Random Lengths' framing lumber composite price was up 15 percent the week of Feb. 19, while on one spe-

(Continued on page 89)

Liberty, Payless sign deal for distribution to 180 units

By Gary S. Ruderman

DES PLAINES, Ill. — In a major coup that could secure its industry leadership, Liberty Distributors was chosen to take over distribution of 2,000 to 3,000 products to 180 Payless Cashways units.

Under the open-ended vendor agreement, seven of Liberty's 23 distributor members will supply all Payless Cashways, Furrows, Hugh M. Woods and Lumberjack units across the country. The deal does not include New England's Somerville Lumber and the Midwest's Knox Lumber subsidiaries. The Kansas City, Mo.-based Payless operates 195 stores.

Dale Pond, Payless Cashways' senior vp-marketing and merchandising. NHCN photo

The Liberty-Payless deal could be precedent-setting, as other feeder-distributors are targeting the larger retailers as an area of growth. "That class of retailer is becoming very interested in what distribution can do for them," said Phil Mason, president of Chicago's Allied Hardware Service, Inc. "Ten years ago, it would not have occurred to Payless Cashways to talk to distributors."

Clair Tripp, Liberty's director of national accounts, called the arrangement revolutionary, particularly for Liberty. "For the first time in this industry, this group of distributors is going to function as one entity. It's about as united as you can get and maintain separate entities."

An estimated 90 percent of what Liberty distributors will ship to Payless' units are so-called "C" and "D" products, slow-moving or regional items.

But the remaining 10 percent will be fill-in orders for "high velocity" products. These are

(Continued on page 90)

Strober eyes sale of firm after ceo's untimely death

By Milford Prewitt

BROOKLYN, N.Y. — Officials of The Strober Organization, five weeks after the untimely death of its chairman and ceo, disclosed that selling the $101 million firm is one option they are considering.

And in a Securities and Exchange Commission filing, the widow of Eric D. Strober is also considering selling her family's 49 percent stake in the company.

Sue Stober is acting as executor of her husband's estate. The Strober family holds around 2.9 million shares.

Part of her filing stated that she is "considering (and understands that board of directors and management of the company may consider) various potential courses of action

(Continued on page 89)

NHCN photo

The late Eric Strober, chairman and ceo of The Strober Organization, in a photo taken in 1987.

Promos make thermostats year-round item

By Edward McKinley

NATIONAL REPORT — Home center dealers claim their promotional efforts have transformed setback thermostats—traditionally a winter-only product—into a year-round sales items.

(Continued on page 88)

NHCN photo

State Lumber's sales have dropped from the peak years when the firm was supplying contractors in Baton Rouge who built 40 to 60 houses at a time.

Baton Rouge struggles to surmount hard times

By Suzanne Floyd

BATON ROUGE, La. — Ed Price Building Materials, a local independent, has been servicing contractors here since 1961. But since the oil economy has plummeted over the past several years, Ed Price's growth has come to a screeching halt.

The independent isn't the only store that's been hard hit, either. Baton Rouge has seen Lowe's leave town along with two Stine Lumber locations, leaving the Sulphur, La.-based chain with but four units.

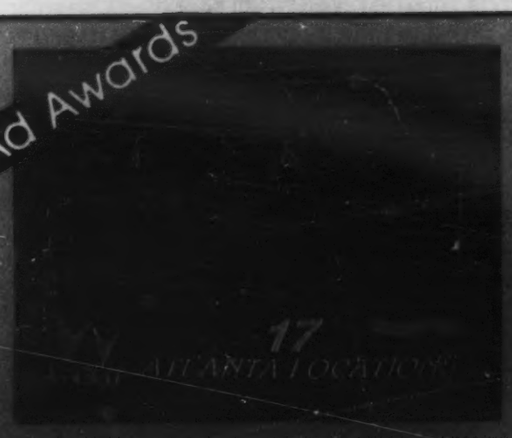
So Ed Price, a 75-to-80 percent contractor-oriented business, weathered the storm here by finding sta-

(Continued on page 90)

NHCN photo

State Lumber, in Baton Rouge, is trying to survive what its president, Lenoard Gremillion, calls an overstored market in an economic downturn.

INSIDE



National Home Center Industry Advertising and Marketing Awards

Golden Hammer Awards for the best 1987 TV ad campaigns by a chain with sales over $100 million and a manufacturer were handed out in Chicago this month to West Building Materials (left) and Rapid Gro (right).

NEWSBREAKS

FLORIDA INVESTOR WON'T CHALLENGE PAY 'N PAK MERGER: Paul Bilzerian and officials for the Kent, Wash., chain have agreed to dismiss lawsuits against each other. Management should take the chain private this spring.

G-P BUYS SUPPLIER AMID RUMORS OF QUEST FOR BOWATER: The Atlanta-based firm should complete its purchase of the assets of American Forest Products, Portland, Ore., by April. G-P declined comment about reports it seeks the British-based paper and pulp giant.

INDUSTRY UPDATE

Bunzl buys lumber distributor

DENVER — Gittings Lumber Co., a $17 million millwork and building materials distributor feeding more than 150 retail accounts in four states, was acquired by an arm of Bunzl Corp., the rapidly growing building materials distributor. This is the second major acquisition for Bunzl, which last month signed a definitive agreement to buy Stanline, the Norwalk, Calif., distributor.

The Gittings acquisition closed Feb. 29 for an undisclosed sum, according to Terry Picha, president of Indianapolis-based Bunzl Building Materials Service (BBMS).

Picha said Gittings would be integrated into the existing Illinois-based Hudson Group. The acquisition strengthens the growing distributor's position in the Denver market and "achieves a business objective of increasing the millwork component" of BBMS' mix, he said. Heading the Gittings operation is Gordon Wiseman, former manager of Western lumber sales for International Paper Co.

Hardware depts. duck Sears cuts

CHICAGO — Sears has no immediate plans to change the operations or personnel of the hardlines buying group as the nation's largest retailer restructures its merchandising organization.

In a prepared statement March 2, Sears merchandise group chairman Michael Bozic said the company would tailor buying departments to be more competitive to the forces in each sector over the next three years. Analysts believe the changes could trim 10 percent of Sears' merchandising group, primarily through attrition. They speculated changes would probably be focused on the highly competitive apparel side of the business.

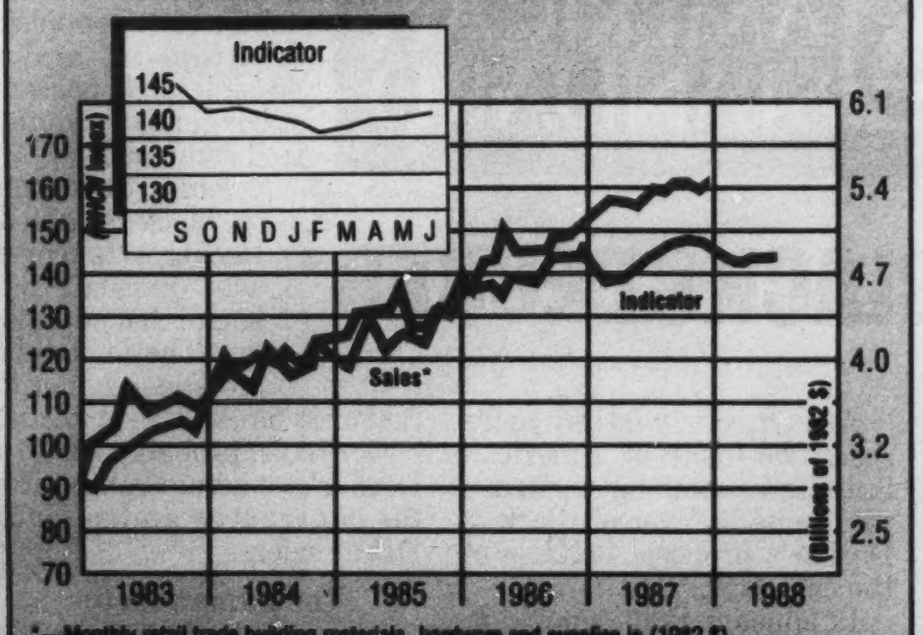
Since the restructuring decision preceded any actions, a Sears spokeswoman declined to speculate on the number of jobs that would be cut. The actions would not affect the retail hardlines and paint stores, according to Kathy Gucfa, assistant director of media relations here.

K mart stalks membership club

TROY, Mich. — K mart Corp. is buying a 51 percent ownership stake in Cincinnati-based Makro Inc., a four-unit membership warehouse chain selling groceries, apparel and hardline products.

Makro is an American subsidiary of SHV Holdings N.V., a privately held company headquartered in the Netherlands. SHV Holdings will continue to own 49 percent of Makro. Makro's warehouses range in size from 150,000 square feet to 200,000 square feet and operate in Atlanta, Cincinnati, Washington and Philadelphia. Later this year, K mart and the Bruno's supermarket chain are expected to open a joint hypermarket unit. It could not be determined whether K mart will run this operation in conjunction with, or separate from, the membership store.

NHCN Leading Sales Indicator



*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate of future building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

The NHCN Leading Indicator is pointing to a decline in building materials sales in the near term due to weakness in single-unit housing starts. Business Watch highlights Florida, a state that will remain strong during this period.
(See the Business Watch column on page 75.)

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Somerville begins construction on Mass. distribution center

By an NHCN staff editor

WALTHAM, Mass. — Somerville Lumber broke ground on its new distribution center in Bellingham, Mass., on Feb. 26.

The DC is the pivotal point for Somerville Lumber's future expansion, which is concentrated on adding stores within its existing market area of New Hampshire, Massachusetts and Rhode Island.

The five-unit company expects to have between 12 and 15 stores by 1990 generating as much as $500 million in sales, according to David Cohen, president of Somerville Lumber, a subsidiary of Payless Cashways.

"With this new facility, we will have a more efficient stock replenishment system for our stores, and that in turn will allow us to serve customers better," said Cohen.

The new facility is expected to be open by January 1989.

The facility will consist of a 336,000-square-foot automated distribution building and a 112,000-square-foot building for storage of lumber and other building supply products.

David Cohen, president of Somerville Lumber. NHCN photo

The DC compliments existing storage and warehouse facilities in Charlestown and at each of the company's stores, and will employ approximately 120.

Certain items will be replenished automatically by the DC. But store managers will be able to override the system to make "suggested" orders for other products. In addition, the DC will also be used to fill customers' high-volume orders and deliver them directly.

Before the DC is opened Somerville expects to add three additional stores in Warwick, R.I., (a former JT's Home and Builders Centers unit), as well as stores in Hanover and Acton, Mass.

As Somerville moves to fill in its existing market area, the newer stores will be closer together. In 1989 the chain will open in Lunenburg, northwest of Boston; in Manchester, its second New Hampshire unit; and in Dartmouth, Mass.

The Dartmouth store will be located on Route 6, approximately 30 miles from Somerville's Seekonk store.

It will also be only one mile from the first Builders Square store to open in Massachusetts in a remodeled K mart unit on Faunce Corner Road.

Manville to clean up asbestos facility

By an NHCN staff editor

DENVER — Manville Corp. here has signed a consent agreement with the U.S. government to clean up its Waukegan, Ill., asbestos facility. The site is part of the Environmental Protection Agency's (EPA) superfund program, which administers the clean-up of hazardous waste sites throughout the country.

Manville has already put $3.5 million in escrow to pay for the clean-up activities required by the consent agreement, according to Marvin Clumpus, manager of facilities restoration.

Manville is scheduled to begin work this year and will complete the project by 1990 at an estimated cost of between $4.5 million and $5 million.

Under the consent order Manville agreed to several clean-up activities. It has to provide a 24-inch cover of sand, clay, topsoil and vegetation over the asbestos disposal site and will monitor the program to ensure that no asbestos reaches the surface of the cover and becomes released into the air.

Manville is also involved in the cleanup of two other hazardous waste sites in Long Beach, Calif., and Nashua N.H.

Molson buys 50% of home decor chain

By an NHCN staff editor

TORONTO — Molson Co.'s specialty retailing group, which includes the Beaver Lumber chain, added another dealer to its stable of companies last month when it purchased a 50 percent share of B.B. Bargoon's, a specialty home decor chain, for an undisclosed sum.

The 10-store B.B. Bargoon's did $6 million (Canadian) in sales in 1987. It was started in the early 1980s by Bonnie Bickel (the "B.B." in the store name), who will retain 50 percent ownership of the company and remain as its president.

Its 4,000- to 6,000-square-foot units carry high-end fabrics, wall coverings and accessories. The deal was finalized Feb. 8.

By the end of 1988, the company intends to have 23 stores opened doing $10 million. Already there is a store under construction in Halifax, Nova Scotia, and the company is investigating sites on Canada's West Coast.

One of its current stores is a franchised unit and franchising appears to be the key to future expansion of the chain.

Catherine Byers, the controller for B.B. Bargoon's, told *NHCN* that 16 franchises and seven company-owned stores would be built and opened over the 18 months, along with one other corporately held unit being renovated, bringing the chain's total number of units to 33.

The B.B. Bargoon's merger brings to five the number of companies Molson operates under its specialty division, including one Nühaus high-end kitchen store, two Aikenhead hardware stores, two Wares and Wares kitchen accessories units that will grow to eight by year end, and 62 Lighting Unlimited specialty lighting outlets.

Molson also operates 197 Beaver Lumbers, including 17 stores held jointly with Groupe Val Royal and 14 Lockharts units. (Five of the Quebec-located Val Royal units have been remodeled and are reopening this month.)

Max Isaac, chief financial officer for Molson's specialty group, explained that Molson's acquisition strategy was to buy companies that serviced "the whole home environment."

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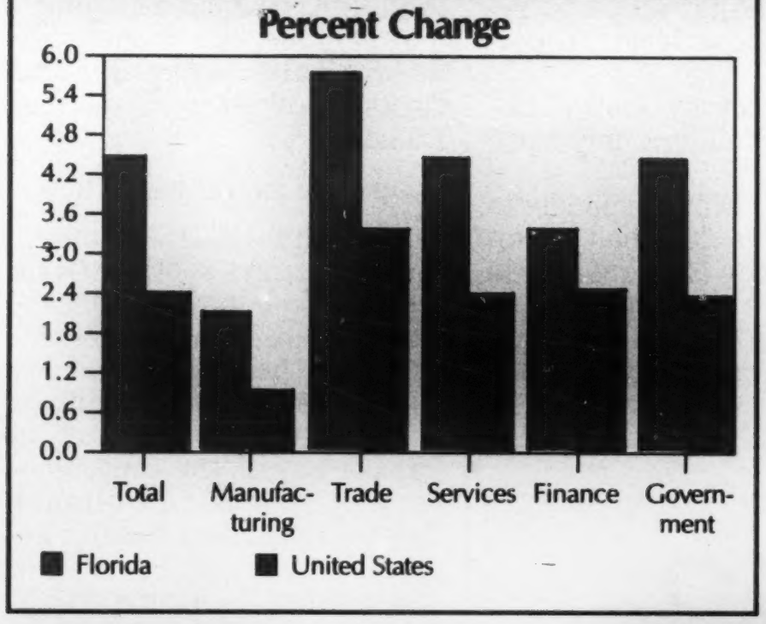
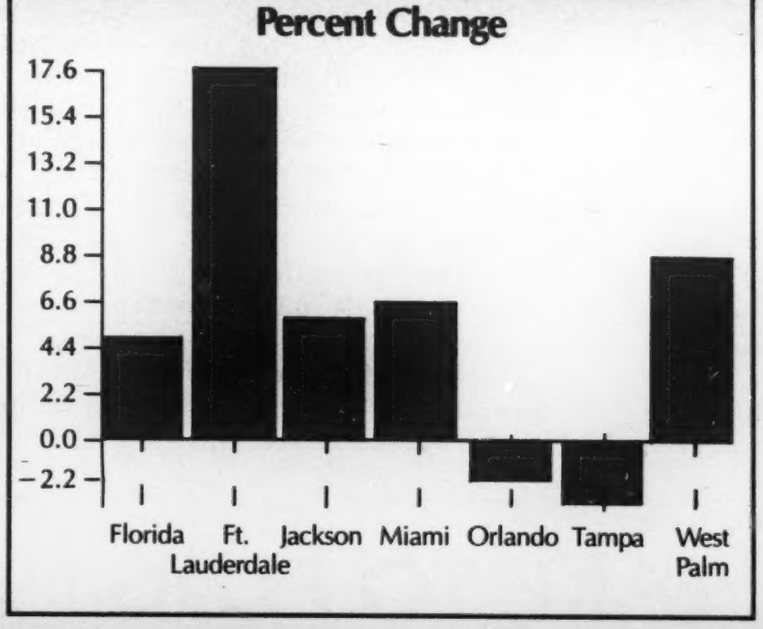
Business Watch

Section 4

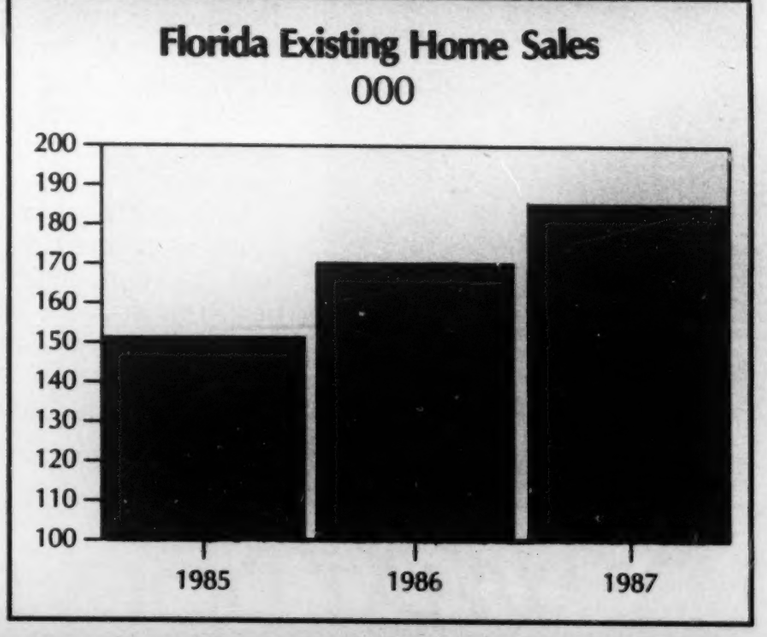
Strong income gains . . .



. . . and strength in housing . . .



. . . keeps Florida sales up.



Strong Fla. economy will spur building materials sales

By Richard Mount
Special to NHCN

Building materials sales appear headed for another record in a competitive Florida market.

Florida will be one of the stronger markets for commodities in 1988, increasing 5 percent this year, slightly stronger than the expected 4 percent increase for the South Atlantic states and the nation.

Employment gains in Florida are running 4.4 percent ahead of a year ago, compared to a national increase of 2.4 percent. For each major employment category except construction, the state leads the nation by a wide margin. The major problems with construction in Florida are concentrated in multiunit dwellings and commercial buildings, but not in resales or single unit starts, which are more important for building materials retailers.

Richard E. Mount

Single unit housing starts rose 5 percent in Florida last year; they went up only 3 percent nationally. The strongest markets—up 20 percent to 25 percent—were in Fort Lauderdale, Sarasota and Tallahassee. The weakest, including Melbourne, Orlando and Tampa, were off 3 percent to 3.5 percent, in line with the national average.

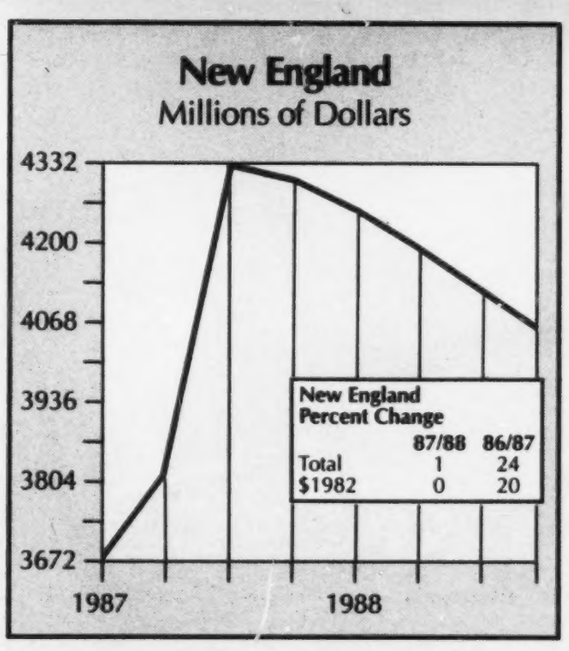
Florida resales, the best indicator of future retail building materials sales, continued to outpace the nation, rising 8.7 percent to 184,200 units. Nationally, they were down 1.3 percent.

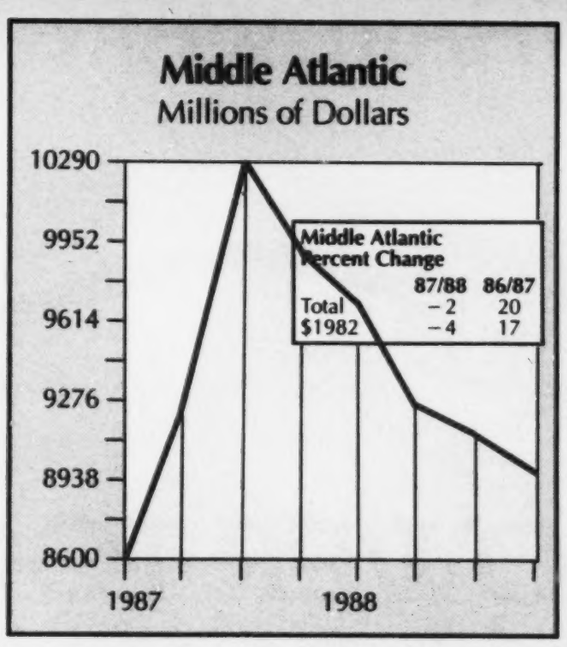
Florida's economy should outperform the nation again in 1988. It has a strong computer sector. Nationally, problems exist in the auto and financial services sectors that are less important to a diversified Florida economy.

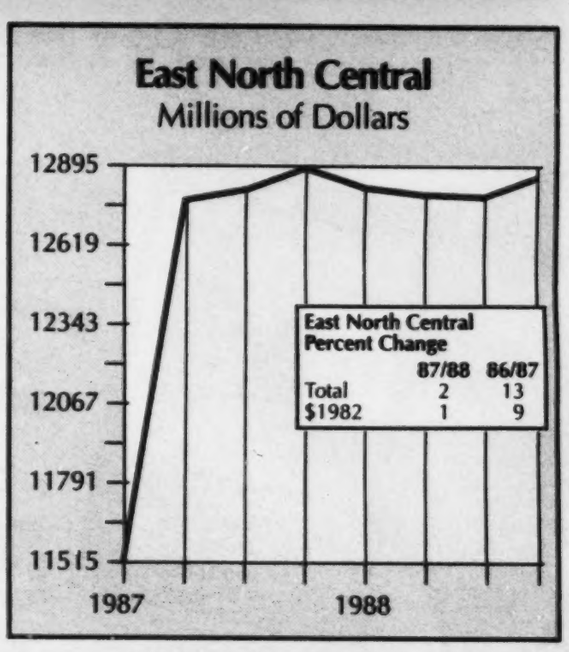
Preliminary data suggest that retail building materials sales declined about 2 percent in Florida last year. For 1988, a gain of 5 percent is expected. Current levels of employment, single unit housing starts and resales are indicators of improved future sales.

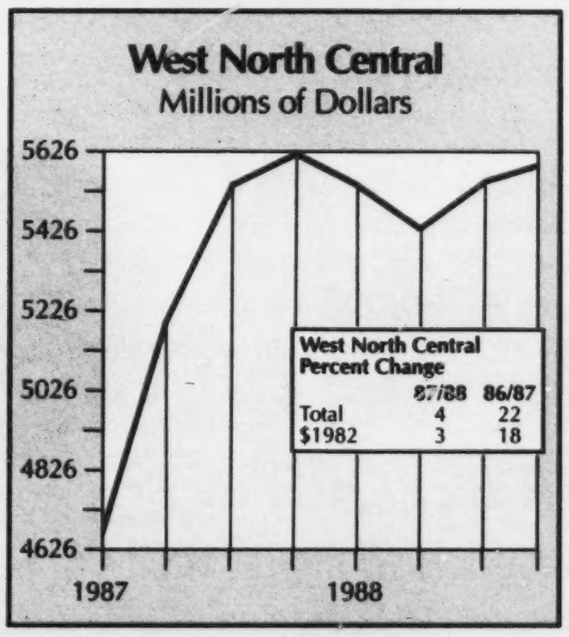
Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

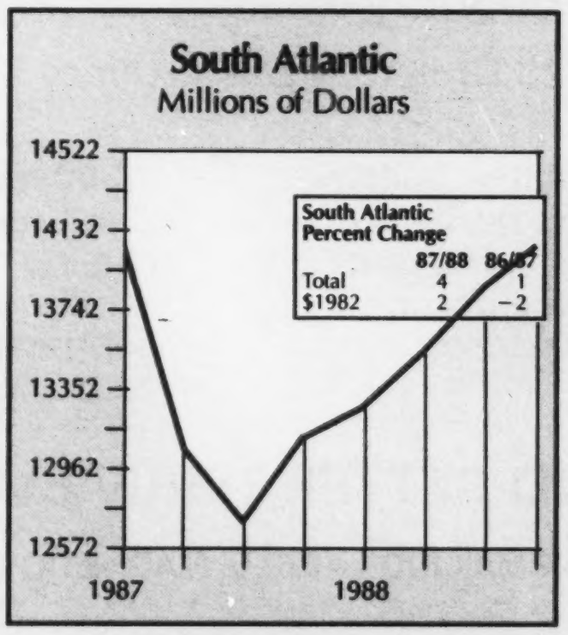
Regional Outlook: Building Material Sales

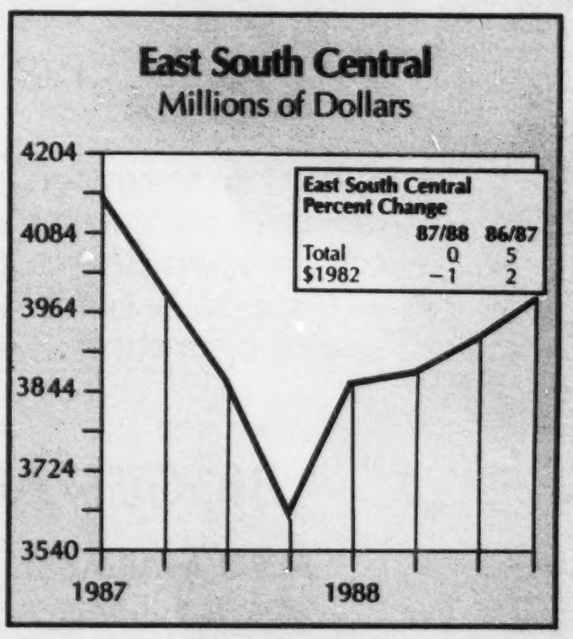


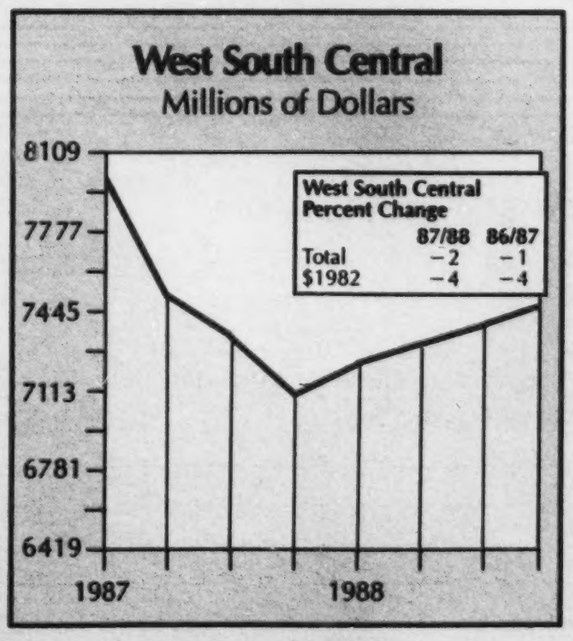


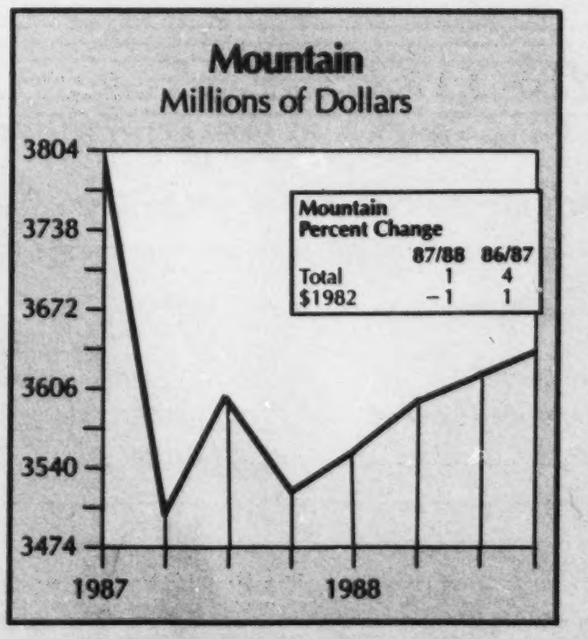


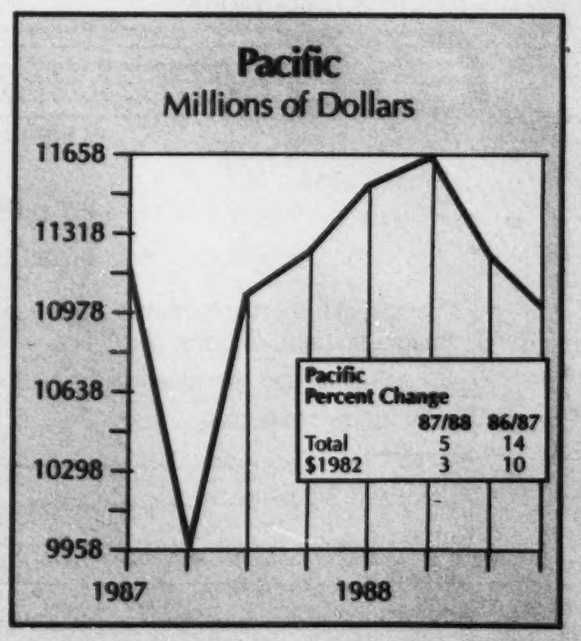












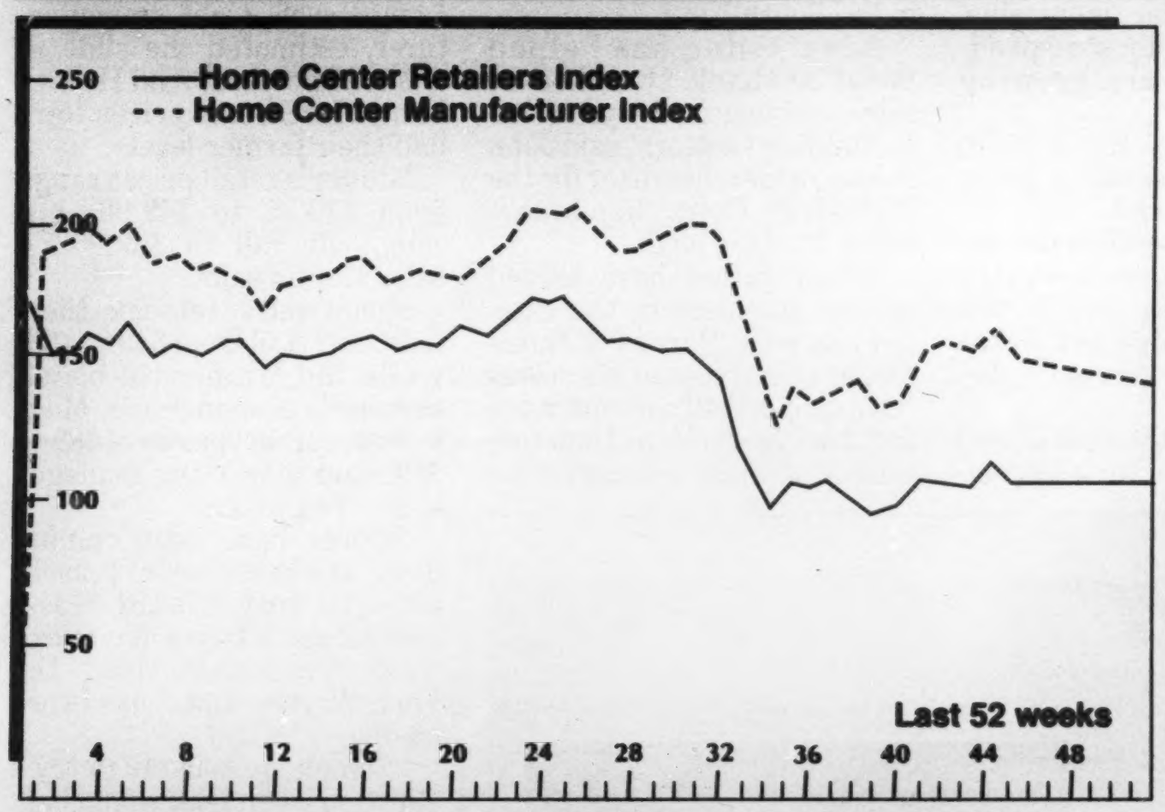
Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
November 16, 1987

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales. The *NHCN* Leading Indicator runs every issue on page 5.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

Business Watch

stocks



The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on March 4 , 1988, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions to the *NHCN* stock list.

Stocks surge in 2-week period

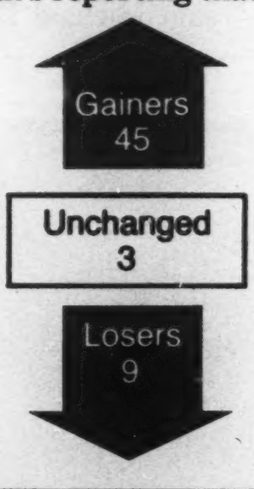
The two-week period ended March 4 was a bonanza for most home center industry stocks. The shares of 45 companies gained in price, while only nine stocks fell and three remained unchanged.

Among retailers, the biggest winner was The Strober Organization, the Brooklyn, N.Y.-based dealers whose stock increased by 15.2 percent to $9.50. Zayre Corp., which reported strong sales and reasonable profitability from its HomeClub warehouse home center operation, also made a strong showing on Wall Street. The Framingham, Mass.-based retailer's stock, which was the most actively traded during the period, jumped 14 percent to $22.38 for the period.

A few dealers didn't fare as well, however. Wolohan Lumber's stock price fell 5.7 percent to $12.38. This price, though, preceded Wolohan's reporting that its net income skyrocketed 71 percent to $9 million in 1987. National Hardgoods and General Building Products saw their stock prices fall 2.5 percent and 2.6 percent, respectively.

On the manufacturer front, the biggest gainer was CertainTeed Corp. whose stock price rose 57.4 percent to $46.63 on the heels of an extremely strong fourth quarter and reports that its parent company has offered to buy all its shares.

Fifty-two million shares of American Standard's stock exchanged hands, but the price for the New York supplier—which is being pursued by Black & Decker in a takeover bid—stabilized, rising only 7.2 percent to $72.50.



National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 3-04-88	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Gen Bldg Prods	4.75	- .13	- 2.6	5.50	4.50	12.50	4.00	1,382	3.46	.88	293.2	8.2	.00	.0	.....	fiscal	11-87	18.1	9.0	.3	- 57.1	.10	- 56.5	67.6	17.8	2.1	5.0	.58	- 13.4
Grossman's Inc ..... M	7.50	.50	7.1	7.63	6.88	11.25	4.13	13,898	5.32	2.85	86.7	14.2	.00	.0	.....	fiscal	12-87	257.8	6.1	.8	33.3	.00	NE	1077.3	7.0	12.1	NE	.53	NE
Hechinger A ..... M	19.50	.50	2.6	19.75	19.00	26.50	14.25	3,463	3.17	2.04	55.4	NA	.16	.8	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	18.88	- .13	- .7	19.50	18.75	26.75	15.50	857	.53	.15	253.3	16.1	.06	.3	.....	9 mos.	10-87	185.0	24.1	9.4	49.2	.27	28.6	553.6	23.5	29.2	49.0	.89	39.1
Home Depot ..... N	23.75	2.00	9.2	24.75	21.63	28.09	12.13	25,655	5.22	1.72	203.5	24.0	.08	.3	.....	9 mos.	10-87	364.3	44.9	9.7	148.7	.19	90.0	1079.7	46.4	38.1	135.2	.81	92.9
INTERCO Inc ..... N	41.00	1.25	3.1	42.00	39.50	54.00	29.50	5,639	1.42	.90	57.8	11.5	1.60	3.9	.....	9 mos.	11-87	924.0	22.0	43.5	46.0	1.05	11.7	2548.3	29.9	108.4	60.4	2.57	20.1
K mart Cp ..... N	33.63	- .25	- .7	36.00	32.88	48.38	21.63	63,132	3.13	1.25	150.4	10.2	1.16	3.4	.....	9 mos.	10-87	5973.3	5.0	110.1	26.1	.54	22.7	17872.0	5.9	371.0	24.8	1.82	22.1
Lowe's Cos ..... N	19.13	.13	.7	20.25	18.88	32.75	15.25	8,774	2.21	1.24	78.2	12.4	.44	2.3	NEW	fiscal	01-88	502.4	1.0	8.9	- 11.0	.22	- 12.0	2442.2	6.9	61.2	11.1	1.54	9.2
Natl Hardgoods ..... M	4.88	- .13	- 2.5	5.13	4.88	9.50	3.75	71	.52	.83	- 37.3	7.4	.00	.0	.....	9 mos.	10-87	10.7	27.4	- .1	- 100.0	- .04	- 100.0	33.1	28.3	.4	- 20.0	.31	- 11.4
Natl Lumber ..... M	3.25	.25	8.3	3.25	3.00	7.00	2.75	278	.49	.42	16.7	NE	.00	.0	.....	*	10-87	NC	NC	NC	NC	NC	NC	120.9	NC	.5	NC	.08	NC
Pay n Pak ..... N	15.88	.50	3.3	17.75	15.63	21.50	11.50	918	.92	.61	50.8	14.8	.00	.0	.....	9 mos.	11-87	110.7	9.2	2.6	36.8	.26	36.8	338.5	7.4	10.3	94.3	1.03	94.3
Payless Cash ..... N	14.25	.88	6.5	14.63	13.38	26.88	9.63	25,308	7.30	2.45	198.0	17.6	.16	1.1	.....	fiscal	11-87	457.3	13.3	- 2.7	- 100.0	- .08	- 100.0	1768.1	15.9	28.1	- 33.7	.81	- 33.6
Scotty's Inc ..... N	14.50	.75	5.5	15.13	13.50	15.88	10.00	2,259	1.55	.48	222.9	18.8	.52	3.6	.....	6 mos.	12-87	133.5	6.3	2.5	4.2	.17	6.3	257.2	5.3	4.8	20.0	.33	22.2
Sears, Roebuck ..... N	38.50	1.50	4.1	39.88	35.50	59.50	26.00	102,736	2.71	.99	173.7	8.9	2.00	5.2	.....	fiscal	12-87	14048.4	4.8	562.1	3.5	1.49	2.8	48439.6	8.3	1649.4	22.1	4.35	20.2
Std Brd Pnt ..... N	14.88	.25	1.7	15.50	14.50	31.88	11.88	1,881	1.67	1.38	21.0	10.8	.00	.0	.....	9 mos.	10-87	87.6	2.0	4.4	4.8	.38	.0	259.6	2.6	12.8	4.1	1.14	4.6
Strober Organiz ..... M	9.50	1.25	15.2	10.50	9.00	15.25	6.25	1,262	2.08	.84	147.6	10.3	.00	.0	.....	9 mos.	09-87	27.6	10.8	1.7	6.3	.27	- 10.0	75.2	10.1	4.3	13.2	.70	- 6.7
Wickes Cos ..... N	10.13	1.00	11.0	10.50	8.88	25.00	7.25	18,554	3.88	2.40	61.7	4.0	.00	.0	.....	9 mos.	10-87	NC	NC	18.6	- 43.6	.37	- 50.7	2644.4	- 21.3	128.7	85.2	2.62	74.7
Wolohan Lumber ..... M	12.38	- .75	- 5.7	13.13	12.25	18.75	8.75	1,461	2.49	1.19	109.2	8.1	.24	1.9	NEW	fiscal	12-87	56.8	8.2	2.7	58.8	.46	58.6	228.6	17.6	9.0	69.8	1.53	70.0
Zayre Corp ..... N	22.38	2.75	14.0	23.88	19.25	37.00	13.50	111,636	19.69	5.01	283.0	8.1	.40	1.8	.....	9 mos.	10-87	1601.7	21.7	21.2	- 7.4	.57	- 5.1	4300.4	20.3	120.4	147.7	2.03	147.6
Wholesalers																													
Hughes Supply ..... N	26.75	.00	.0	27.25	26.75	30.25	19.75	479	1.44	.78	84.6	10.7	.40	1.5	.....	9 mos.	10-87	113.2	29.7	2.5	47.1	.73	46.0	318.1	21.5	6.7	31.4	1.99	25.9
Moore Handley ..... M	5.00	.50	11.1	5.00	4.00	9.75	3.75	200	.80	.38	110.5	19.2	.00	.0	.....	9 mos.	09-87	27.4	16.6	- .2	- 100.0	- .09	- 100.0	74.4	15.5	.5	- 50.0	.19	- 56.8
Lewis Palmer ..... M	6.88	.00	.0	7.13	6.88	9.88	5.75	300	.75	1.50	- 50.0	18.1	.28	4.1	.....	9 mos.	10-87	58.9	- 1.8	.7	.0	.18	5.9	169.8	20.9	1.4	16.7	.36	16.1
Stanline Inc ..... M	12.88	.13	1.0	12.88	12.63	13.31	6.19	633	3.55	1.38	157.2	11.9	.32b	2.5	.....	fiscal	10-87	17.9	12.6	.5	.0	.32	6.7	64.9	8.7	1.9	18.8	1.08	22.7
Manufacturers																													
Am Consum Prods ..... M	13.75	2.50	22.2	13.75	11.00	14.25	7.88	660	3.18	1.13	181.4	17.2	.00	.0	NEW	fiscal	12-87	16.9	83.7	.4	100.0	.18	NE	48.3	38.0	1.7	142.9	.80	48.1
Am Standard ..... N	72.50	4.88	7.2	72.50	67.63	72.50	30.50	52,485	16.81	7.65	119.7	17.3	1.80	2.5	.....	fiscal	12-87	901.9	17.2	41.3	25.2	1.31	32.3	3399.8	13.4	133.3	- 31.0	4.18	- 20.8
Am Woodmark ..... M	8.88	.13	1.4	9.25	8.00	17.13	6.50	1,745	2.55	.48	431.3	10.3	.00	.0	NEW	9 mos.	01-88	29.9	14.1	.7	- 41.7	.10	- 37.5	98.0	11.0	4.4	- 17.0	.64	- 19.0
Armstrng Wrld ..... N	38.25	2.00	5.5	38.63	36.00	47.38	22.50	27,780	5.92	1.85	220.0	12.0	.90	2.4	.....	fiscal	12-87	605.0	21.9	33.5	11.3	.72	14.3	2365.0	23.2	150.4	22.9	3.18	25.2
Black & Decker ..... N	18.50	- .50	- 2.6	19.88	18.00	26.50	13.00	35,174	6.03	3.29	83.3	16.8	.40	2.2	.....	3 mos.	12-87	612.3	15.7	31.1	38.8	.53	39.5	612.3	15.7	31.1	38.8	.53	39.5
Boise Cascade ..... N	47.63	2.13	4.7	47.63	44.75	52.13	28.81	14,431	3.20	1.48	116.2	12.9	1.20	2.5	.....	fiscal	12-87	975.6	2.5	57.2	79.3	1.20	93.5	3820.8	2.2	183.0	80.3	3.70	85.9
Certain-teed ..... N	46.63	17.00	57.4	47.00	29.50	47.00	24.13	17,620	9.28	1.10	743.6	14.4	1.00	2.1	.....	fiscal	12-87	291.7	8.6	12.6	17.8	.66	15.8	1158.4	4.0	61.4	7.2	3.23	7.0
Champ Intl ..... N	36.50	2.88	8.6	36.75	33.38	44.63	21.75	47,996	5.04	1.86	171.0	9.1	.80	2.2	.....	fiscal	12-87	1157.5	9.4	82.1	27.3	.86	24.6	4614.7	5.2	382.0	90.2	4.03	93.8
Clairson Intl ..... M	8.25	.13	1.5	8.50	7.75	18.25	5.00	2,914	5.73	1.02	461.8	14.2	.00	.0	.....	3 mos.	12-87	23.7	45.4	.4	100.0	.08	60.0	23.7	45.4	.4	100.0	.08	60.0
Cooper Indus ..... N	59.63	.75	1.3	61.00	57.50	74.50	39.00	12,435	2.53	1.21	109.1	17.2	1.80	3.0	.....	fiscal	12-87	1008.8	19.7	56.4	18.7	1.12	14.3	3585.8	4.4	173.8	17.7	3.47	14.1
DeSoto Inc ..... N	30.00	2.13	7.6	30.00	27.75	42.00	21.00	778	1.96	1.61	21.7	11.3	1.40	4.7	.....	fiscal	12-87	64.9	- 16.6	- .3	- 100.0	- .08	- 100.0	373.1	- 9.8	10.6	171.8	2.66	224.4
Eckart Corp ..... N	21.75	1.88	9.4	22.50	19.88	26.63	15.50	9,512	1.52	.62	145.2	12.8	.80	3.7	.....	fiscal	12-87	664.1	13.7	25.9	29.5	.42	61.5	2454.0	17.2	106.0	NE	1.70	NE
Georgia Pacific ..... N	37.50	.38	1.0	38.50	36.88	52.75	22.75	22,533	2.13	1.60	33.1	8.9	1.20	3.2	.....	fiscal	12-87	2229.0	25.2	112.0	34.9	1.07	42.7	8603.0	19.1	458.0	54.7	4.23	57.2
Imasco Corp ..... N	19.38	.63	3.3	19.75	18.63	28.13	14.00	5,265	2.52	1.24	103.2	5.0	1.00	5.2	.....	fiscal	12-87	93.4	- 45.8	- 40.7	- 100.0	2.58	486.4	637.7	- 14.4	- 13.9	- 100.0	3.85	143.7
La Pacific ..... N	28.25	.13	.4	30.25	28.38	39.75	21.50	6,063	1.58	.97	62.9	8.9	.80	2.7	.....	fiscal	12-87	478.1	25.1	31.3	86.3	.82	82.2	1921.6	27.6	125.0	92.6	3.27	90.1
Macmillan Bloedel ..... M	16.38	.00	.0	17.13	16.25	23.50	12.00	7,016	.69	.48	43.8	NA	.85	NA	.....	fiscal	12-87	791.5	46.0	62.9	170.0	.57	256.3	3134.5	24.8	280.6	110.5	2.56	139.3
Manville Cp ..... N	2.50	.13	5.3	3.00	2.38	5.38	2.00	5,017	2.09	1.16	80.2	.4	.00	.0	.....	fiscal	12-87	522.5	12.8	31.5	82.1	1.05	128.3	2063.2	7.4	164.1	102.1	5.79	147.4
Masco Corp ..... N	26.50	.38	1.4	27.63	26.00	40.88	18.75	34,587	2.61	1.16	125.0	16.1	.40	1.5	.....	fiscal	12-87	543.3	20.7	30.8	- 44.4	.23	- 43.9	2023.3	39.3	218.8	7.6	1.65	5.8
Mor-Flo Inds ..... M	6.00	- .50	- 7.7	6.75	6.00	14.38	5.50	72	.29	.29	.0	NE	.01	.2	.....	9 mos.	09-87	49.1	4.0	- 1.1	- 100.0	- .44	- 100.0	154.4	4.4	- .4	- 100.0	- .14	- 100.0
Newell Co ..... N	38.50	.75	2.0	40.50	37.63	43.00	21.13	3,476	3.01	1.03	192.2	14.0	1.00	2.6	.....	fiscal	12-87	304.9	189.0	13.4	81.1	.95	50.8	719.7	79.3	37.2	55.0	2.75	26.7
Norlek Inc ..... N	9.38	.63	7.1	9.75	8.75	17.25	5.00	3,930	2.49	1.41	76.6	15.6	.10	1.1	.....	9 mos.	09-87	352.5	23.3	.2	- 97.1	.01	- 98.5	975.9	45.0	11.4	- 58.8	.71	- 73.3
Owens Corn ..... N	19.00	1.50	8.6	20.13	17.25	32.38	9.00	28,720	7.93	2.31	243.3	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ply-Gem ..... A	12.63	1.38	12.2	12.88	11.13	18.13	9.00	2,608	2.33	1.30	79.2	19.1	.12	1.0	NEW	fiscal	12-87	76.1	32.3	- 3.0	- 100.0	- .25	- 100.0	312.8	38.2	7.5	- 7.4	.66	- 28.3
Pope & Talbot ..... N	21.25	- 1.00	- 4.5	22.50	20.50	27.25	9.75	7,470	6.21	2.76	125.0	9.1	.50	2.4	.....	fiscal	12-87	106.8	30.4	7.2	- 14.3	.59	- 15.7	426.9	37.6	28.1	77.8	2.33	76.5
Polaroid Cp ..... N	31.00	2.25	7.8	31.25	28.63	41.88	21.00	3,093	1.16	.72	61.1	9.9	.92	3.0	.....	fiscal	12-87	252.7	3.9	24.9	23.9	.90	25.0	992.1	1.6	87.6	25.3	3.13	25.7
PPG Inds ..... N	40.50	1.00	2.5	41.88	38.50	53.50	27.50	31,365	2.63	1.01	160.4	12.7	1.20	3.0	.....	fiscal	12-87	1327.6	10.6	96.5	32.4	.85	39.3	5182.6	10.6	377.1	19.2	3.19	19.9
Sherwin-Wms ..... N	29.13	.13	.4	29.13	28.25	38.50	20.13	11,405	2.59	.80	223.8	13.5	.64	2.2	.....	fiscal	12-87	408.3	16.5	20.3	- 30.5	.46	- 42.5	1792.7	15.4	96.6	- 8.9	2.15	- 6.9
Stanley Works ..... N	28.50	.50	1.8	29.38	27.00	36.63	21.25	5,680	1.30	.52	150.0	14.3	.88	3.1	.....	fiscal	12-87	458.5	79.0	26.2	11.5	.61	13.0	1763.1	28.6	86.6	9.9	2.00	7.5
Thos Inds ..... N	21.00	.25	1.2	21.38	20.50	21.53	13.81	2,431	2.32	.68	241.2	12.8	.68b	3.2	.....	fiscal	12-87	80.5	6.5	4.8	50.0	.46	48.4	321.9	8.7	17.1	33.6	1.64	33.3
Triangle Ind ..... N	27.38	3.00	12.3	28.50	23.88	44.00	22.50	13,403	5.90	1.70	247.1	12.3	.12	.4	.....	9 mos.	09-87	1238.9	75.5	45.6	82.4	1.59	- 15.4	3340.3	77.3	90.0	88.7	3.09	- 9.9
Union Camp ..... N	35.50	.25	.7	36.25	34.13	46.13	26.00	13,923	1.89	1.00	73.4	12.5	1.16	3.3	.....	fiscal	12-87	609.8	14.0	59.0	37.9	.81	39.7	2307.6	12.8	207.5	59.7	2.83	59.9
USG Corp ..... N	39.50	6.00	17.9	40.63	32.25	55.88	23.50	70,545	13.70	2.84	382.4	10.0	1.12	2.8	.....	fiscal	12-87	725.8	4.4	17.2	- 60.6	.33	- 64.5	2868.1	6.4	204.3	- 9.4	3.96	11.9
Weyerhaeuser ..... N	43.00	2.25	5.5	44.00	40.88	60.00	19.00	35,980	2.64	1.32	100.0	13.5	1.50	3.5	.....	fiscal	12-87	1783.5	22.9	129.4	34.7	.91	30.0	6869.8	23.7	446.6	61.4	3.18	66.5

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—Not meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data are primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Liberty, Payless sign deal for distribution to 180 units

(Continued from page 1)
the popular, name-brand items, which individual stores might need immediate fill-in orders that may be too small to wait for direct shipments from manufacturers. It is this segment that will boost Liberty's stature among vendors.

"Vendors will be on the shelf more often," said Tripp. "Being on the shelf at Payless Cashways is like gold. They move the product."

Tripp said the number of stockkeeping units that Payless buys from Liberty through two-step distribution could grow in the future.

In the past, Payless units depended on as many as 15 to 20 different hardware distributors belonging to a number of marketing organizations around the country for fill-in items, one source said. A Payless spokeswoman said the chain would still rely on "specialty" distributors to supply products like aerosol and explosive products Payless doesn't want to warehouse.

To Payless, the arrangement means it won't have to stock the 2,000 to 3,000 market-sensitive items in its new Sedalia, Mo., distribution center. The Sedalia distribution center, slated to open in April, will carry 10,000 skus and service 150 Payless stores. Commodities will continue to reach the Payless stores through direct shipment, the company stated on March 1.

"This agreement will enable us to maximize our use of the new distribution center, allow stores in different regions to continue to stock market-specific items and to remain sensitive to the needs of our customers," said Payless' senior vp-marketing and merchandising Dale Pond, in a prepared statement. "We also believe we can enhance our buying power by combining the sourcing of these unique items under the umbrella of one distributor."

Others sought business

Payless' decision to seek two-step purchases came after it conducted a lengthy store-need inventory analysis prior to stocking the Sedalia distribution center.

Liberty, whose estimated 1987 sales of more than $940 million make it the largest of the seven hardware distribution groups, was reportedly vying with other wholesaler organizations—including Sentry Hardware, Des Plaines, Ill; CoastAmerica in Denver and possibly as many as five others—for the Payless business, according to a source close to selection process which began last December.

Each candidate was issued a "shopping list" of the products and vendors Payless sought, a source reported. Payless decided on Liberty Feb. 16.

This is the second major vendor arrangement Liberty has garnered in the last 2½ years, according to Hooten. In 1985, Liberty was selected to supply hardlines to 300 of the 373 units operated by 84 Lumber, the Pennsylvania chain.

In addition to 84 Lumber, Liberty reaches an estimated 2,500 retail dealers with marketing, merchandising and advertising support under the Trustworthy Hardware banner. Tripp said the new Payless relationship shouldn't pose a competitive problem with neighboring Trustworthy Hardware stores. "The merchandising relationship with Payless is just that. It's not a service relationship [like] with the Trustworthy stores."

Supplies other dealers

Hooten reported Liberty was able to secure the business because of its ability to offer "common vendors, common pricing and common servicing" like price stickers.

Unstated, however, was Liberty members' past track record. In addition to 84 Lumber, which is serviced by a broad base of Liberty distributors, individual Liberty distributors have experience in supplying large retailers. Farwell, Ozmun Kirk & Co., the St. Paul, Minn., member, is a supplier to mass merchandiser Target; Frederick Trading Co., Frederick, Md., has been a major supplier to the Hechinger Co.

"We are extremely pleased," said Liberty president Hooten. "We set up a program to pursue national accounts 18 months ago and brought [Clair] Tripp aboard nine months ago." Tripp, 39, spent 11 years with Farwell, Ozmun Kirk & Co., and several years with Wright Products in St. Paul, a storm and screen door parts manufacturer.

The Payless deal involves these Liberty distributors: The Wyeth Co., St. Joseph, Mo.; Amarillo Hardware, Amarillo, Tex.; Orgill Bros., Memphis, Tenn.; Farwell, Ozmun & Kirk; Jensen-Byrd Co., Spokane, Wash.; Kruse Hardware Co., Cincinnati; and American Wholesale Hardware, Long Beach, Calif.

Baton Rouge dealers face tough times

(Continued from page 1)
bler climes—in Murphysburg, Tenn., where it just opened its second location.

"Business has been great in Tennessee," said Ed Price, president. About Baton Rouge: "It's hard to say. Our biggest problem has been the weather. I'm hoping it's [the economy] bottomed out. Jimmy Swaggart hasn't helped."

(Swaggart is the television evangelist whose admissions of immorality have undermined the credibility of his ministry, described by locals as the area's third largest industry.)

While Price is the only independent interviewed that migrated to Tennessee, other dealers talked about it.

In Baton Rouge, business has been off for the past three years. New construction is almost nonexistent. Houses are empty. And now, Payless Cashways has opened a store here last month.

"We think that the market will turn around in the next year, and we want to be well positioned in the market", said an optimistic Brenda Nolte, spokesperson for the 194-store operator out of Kansas City, Mo.

Payless opened the first of two Baton Rouge stores on March 2. The second unit is still under construction. Nolte said each unit would employ between 50 and 65 people.

"Maybe [Payless] knows something I don't know," said Louis Miller, general manager for Naylor's Hardware and Garden Center, a three-location hardware chain.

The prospects of competing against Payless, as well as Home Depot, which has a store here, can't be too heartening for independents. But market conditions have been improving slightly of late for Stine Lumber, which reports that sales are better than projected since August, when it shuttered the Baton Rouge stores. "We hit over budget," said Gary Stine, president.

"The economy was bad for too long, we didn't want to wait for it to turn around."

But for the North Carolina-based Lowe's, things aren't getting better fast enough.

"We felt that the [Baton Rouge] market wouldn't be able to turn back quickly," said a Lowe's spokesperson. Lowe's has a store in nearby Baker, located north of Baton Rouge, whose sales performance it is satisfied with.

Baton Rouge At A Glance

Population	557,100
Building Materials and Hardware Sales	$289.3M
Total Retail Sales	$3.2M
Effective Buying Power	$6B
Building permits, 1987	774*

Source: *Sales and Marketing Management*, Survey of Buying Power, July 1987
*Greater Baton Rouge Home Builders Assn. NHCN chart

State Lumber, a local independent, is striving to survive in what its president calls an overstored market in an extended economic downturn. "Our volume is down," said Leonard Gremillion Jr., president. "It's a tough situation for independents. We're the people that helped build this town."

Gremillion did not disclose sales figures but he said they were down appreciably from the peak years when the 42-year-old State was supplying contractors who built 40 to 60 houses at one time.

Juban-Watson Lumber Co., a local 40-year-old contractor-oriented independent, also made a move, from an established location to a less developed area where Baton Rouge was growing at breakneck speed before the most recent downturn. "It's still a growing area," insists Phillip Juban, president, whose company gets 60 percent of its sales from contractors. "We know our clientele. We know what people want, and we have what the others don't have. We stay up on what they like. The chains come in and they have the basic items."

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Women's group gets help from Home Depot

By an NHCN staff editor

BATON ROUGE, La. — Home Depot provided the experts. The Young Women's Christian Association (YWCA) provided the audience. The result was women who gained the confidence to perform minor home repairs.

"Having women gain in traditional skills to be less reliant on others and more confident in themselves is a major goal of the YWCA," said Kim Garrett, project developer and volunteer coordinator. To fulfill this objective, the YWCA approached the local Home Depot about a seminar series that focused on minor home repairs. The YWCA asked Home Depot to provide the experts and to help publicize the series.

The Atlanta-based chain—which declined to comment on this program—took out a full-page ad stating the seminar's objectives and, according to Garrett, "Our phone was ringing off the hook that day."

Home Depot also donated giveaway items for each seminar, such as a cordless drill for the session on various tools and their uses, a ceiling fan for electric installations, an oak bathroom set and a gift certificate for paint and wallpaper.

At the end of the series there was a drawing for a $100 Home Depot gift certificate.

The YWCA knew of the high rate of single, divorced and widowed women who would be interested and in need of the seminar series. What the YWCA didn't expect was the number of women who attended because their husbands were not interested in working around the house.

The seminars were held on consecutive Sunday afternoons at the cost of $5 each. Members could attend the series for $15. For nonmembers, the $25 cost included a YWCA membership.

Another objective of the seminar series was to raise money for YWCA youth and teen programs as well as to increase its membership. About 30 women attended each course, raising over $800 for the organization.

While Garrett is a personal fan of Home Depot, there were other reasons for approaching the Atlanta-based chain. "We knew that we needed a big chain with a big budget. We also know that Home Depot does a lot of advertising. We knew that we couldn't get a smaller chain to do the ads for the YWCA."